

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
JUNE 26, 2013
APPLICATION SUMMARY**

NAME OF PROJECT: The Farms at Bailey Station

PROJECT NUMBER: CN1303-008

ADDRESS: Unaddressed site on Crooked Creek Road
Collierville (Shelby County), Tennessee 38017

LEGAL OWNER: Luke, Inc.
2171 Judicial Drive, Suite 215
Germantown (Shelby County), Tennessee 38138

OPERATING ENTITY: Retirement Companies of America
6465 Quail Hollow Road, Suite 400
Memphis (Shelby County), TN 38120

CONTACT PERSON: Jerry Taylor
(615) 782-2228

DATE FILED: March 15, 2013

PROJECT COST: \$7,301,961.00

FINANCING: Commercial Loan

REASON FOR FILING: The establishment of a (30) bed Medicare skilled nursing facility, in which all beds will be certified for Medicare participation. *The thirty (30) nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2012 to June 2013 state fiscal year period.*

DESCRIPTION:

The Farms at Bailey Station is seeking approval to establish a thirty (30) bed skilled nursing facility in which all beds will be Medicare certified at an unaddressed site on Crooked Creek Road, Collierville (Shelby County), TN. The Farms at Bailey Station Skilled Nursing Facility (FBSSNF) will occupy 9.3 acres of a 26.3 acre Continuing Care Retirement Community (CCRC). The CCRC is

described by the applicant as a major residential and health care development for the City of Collierville and Southeast Shelby County. The CCRC will ultimately include 266 independent living units constructed as free-standing one, two and three bedroom townhomes and sixty-three (63) independent living garden homes. The CCRC will also include sixty-three (63) assisted living units, twenty-three (23) of which will be in a designated Memory Care Unit. The applicant states the proposed thirty (30) bed SNF will round out the continuum of care.

The applicant reports the CCRC will be developed in two phases. Phase I will include the thirty (30) bed SNF (Skilled Nursing Facility), 164 independent living homes and sixty-three (63) assisted living units. Phase II will add the additional 102 independent living units, and a proposed additional thirty (30) beds to the SNF, which will be the subject of a separate, future CON application.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

See second criterion below.

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Based on the projected population for Shelby County in 2014, the Tennessee Department of Health's Division of Health Statistics used the above formula to calculate a need of 5,162 nursing home beds for the applicant's declared service area, Shelby County.

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 2

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

According to the Tennessee Department of Health's Division of Health Statistics, there currently are 4,167 licensed beds in the Shelby County service area, resulting in a Net Nursing Home Bed Need of 965 beds.*

It appears that this criterion has been met.

**Note to Agency Members Regarding Bed Need Formula: The formula was included in a 1996 amendment to the statute governing the development of new nursing home beds. The formula was based upon a population-based methodology that did not consider levels of care (skilled or non-skilled) or payment sources (Medicare, Medicaid, 3rd party). Institutional care was the norm and there were limited, if any, home and community-based care options. The Long-Term Care Community Care Community Choices Act of 2008 (CHOICES) and the 2012 changes in Nursing Facility Level of Care Criteria for TennCare recipients have impacted nursing home occupancies in TN. According to TCA 68-11-1622, the Agency shall issue no certificates of need for new nursing home beds other than the one hundred twenty-five beds included per fiscal year (commonly referred to as the 125-bed pool). These beds must be certified to participate in the Medicare skilled program. This does not preclude a nursing home from dually certifying beds for both Medicare and Medicaid.*

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

The applicant's proposed primary service area consists of ten (10) contiguous zip codes in southeast Shelby County with the Secondary Service Area (SSA) being Shelby County.

It appears that this criterion has been met.

5. The HSDA may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

Since the Net Nursing Home Bed Need for Shelby County is 965, the applicant's request for thirty (30) beds is not in excess of the nursing home bed need standard for the service area.

It appears this criterion does not apply to the proposed project.

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

As in 3.a., this criterion does not apply to the proposed project.

B. Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant states the facility occupancy for 30 beds after the first six months of operation will be 93%.

It appears that this criterion has been met.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

In 2011, Shelby County had twenty-seven (27) licensed nursing homes which had a licensed capacity of fifty (50) beds or more. The occupancy rate for the whole group was less than 95%. Only five (5)

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 4

of these nursing homes with licensed bed capacities above fifty (50) beds had occupancies of 95% or greater. Thirteen 50+ bed nursing facilities had occupancies above 90%; nineteen 50+ bed facilities had occupancies above 80%; twenty-five 50+ bed facilities had occupancies above 70%; and one 50+ bed facility had occupancies below 70%.

It appears the application does not meet this criterion.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

This application is for a new thirty (30) bed skilled nursing facility.

This criterion does not apply.

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The HSDA may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

The proposed project will have a capacity of at least thirty (30) SNF nursing home beds.

This criterion does not apply.

SUMMARY:

The applicant describes FBSSNF as a CCRC that provides seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance. Residents of the CCRC buy into the community with an entrance fee, the amount paid to the CCRC is determined by the size and type of unit purchased. The title to the living unit will remain vested in Bailey Station, but the resident will have a life estate which means the home will be for the resident's exclusive use and benefit during his or her lifetime. Each member

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 5

in the CCRC will be entitled to a bed in the FBSSNF when his or her medical needs require a skilled nursing home bed.

The applicant states the other levels of living at the CCRC will be the primary feeder for the proposed SNF, after the first several years. The proposed SNF beds will not be strictly limited to residents who are coming from an independent living or assisted living unit in Bailey Station. The applicant expects some of the patients for the proposed nursing home project will come from the community at large. The applicant estimates within 8-10 years the facility census will consist of 80-85% of patients from the CCRC.

Note to Agency members: The applicant is requesting a three (3) year period to complete the proposed project due to the reported size and scope of the project. Normally, a CON granted for a nursing home project expires two years after approval of the project.

The proposed 30 bed Medicare certified nursing home will be owned and developed by Luke, Inc., a non-profit corporation located in Memphis, TN. The applicant will be related by common management through Retirement Companies of America to Kirby Pines Manor, a CCRC with a 120 bed SNF which has been in operation in Shelby County for 20 years. The corporate officers of Psalms Inc. and Luke, Inc. are identical, and there is one common board member. The applicant states the proposed CCRC is modeled after Kirby Pines Manor.

The primary service area consists of ten (10) contiguous zip codes in southeast Shelby County. A map of the 10 contiguous proposed service area zip codes are in Attachment C. I, Need, 3. Shelby County will be the secondary service area of the proposed new skilled nursing facility. According to the Division of Health Statistics, Tennessee Department of Health (TDH), based on the 2000 census, the population of Shelby County is expected to increase by 1.5% from 956,123 residents in 2013 to 970,569 residents in 2015. According to the US Census Bureau, the population of Shelby County is estimated to have increased by 1.4% from 927,644 residents in 2010 to 940,764 residents in 2012. The Shelby County population cohort of age 65 and older presently accounts for approximately 10.8% of the total population compared to a state-wide average of 14.1%% in CY 2013. The age 65 and older cohort of Shelby County is expected to grow 6.4% by 2014, as compared to the statewide 6.1% growth rate over the two year period, 2013-2015.

According to the Tennessee Department of Health (TDH), Shelby County has 32 nursing homes containing a total of 4,167 licensed beds. The combined occupancy rate for those beds was 83.5% (2011 JAR). Other highlights from the TDH include:

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 6

- The total average daily census (ADC) for all 4,167 beds was 3,523 patients
- The total number of Medicare only skilled beds is 422
- Total number of dually certified beds for Medicare and Medicaid(SNF/NF) is 2,782
- The ADC for skilled level of care (all payors) was 1,022
- ADC for NF (non-skilled, Medicaid and non-certified) was 2,502
- Skilled level of care (all payors) represented 24.5% of the total Shelby County nursing home utilization

Inventory & Ave. Daily Census of Shelby Co. Nursing Homes - 2011

| Facility Name | Licensed Beds | SNF Beds-Medicare | NF Beds-Medicaid | SNF/NF Beds-Dually Certified | Licensed Only Beds-Non-Certified | SNF /ADC | NF-ADC | Licensed Occupancy |
|--|---------------|-------------------|------------------|------------------------------|----------------------------------|----------|--------|--------------------|
| Allen Morgan Health and Rehab Center | 104 | 24 | 0 | 0 | 80 | 12.4 | 62.0 | 71.6% |
| Allenbrooke Nursing & Rehab Center | 180 | 0 | 0 | 180 | 0 | 32.3 | 139.9 | 95.7% |
| AmeriCare formerly Civic Health & Rehab | 147 | 0 | 130 | 17 | 0 | 35.7 | 107.3 | 97.3% |
| Applingwood Healthcare Center | 78 | 0 | 0 | 78 | 0 | 15.8 | 51.3 | 86.0% |
| Ashton Place Health & Rehab Center | 211 | 0 | 0 | 211 | 0 | 48.0 | 131.3 | 85.0% |
| Ave Marla Home | 75 | 0 | 0 | 75 | 0 | 4.0 | 66.2 | 93.7% |
| Baptist Memorial Hospital-Memphis SNF | 35 | 35 | 0 | 0 | 0 | 29.0 | 0.0 | 82.9% |
| Baptist Skilled Rehabilitation Unit-Germantown | 18 | 0 | 0 | 18 | 0 | 14 | 0 | 75.9% |
| Bright Glade | 77 | 0 | 0 | 81 | 0 | 17.4 | 52.3 | 90.6% |

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 7

| | | | | | | | | |
|--|-----|-----|-----|-----|----|------|-------|-------|
| Health And Rehabilitation Center | | | | | | | | |
| Dove Health & Rehab Of Collierville | 114 | 0 | | 114 | 0 | 23.8 | 72.1 | 84.1% |
| Grace Healthcare | 284 | 0 | 0 | 0 | 0 | 51.8 | 151.4 | 71.5% |
| Graceland Nursing Center | 240 | 120 | 120 | 0 | 0 | 63.4 | 146.0 | 87.3% |
| Harbor View (f/k/a Court Manor) | 120 | 0 | 0 | 120 | 0 | 23.8 | 71.6 | 79.5% |
| Kindred Transitional Care (f/k/a Primacy Healthcare) | 120 | 120 | 0 | 0 | 0 | 59.1 | 27.6 | 72.2% |
| Kirby Pines Manor | 120 | 30 | 0 | 0 | 90 | 27.0 | 88.5 | 96.3% |
| Memphis Jewish Home | 160 | 0 | 0 | 160 | 0 | 44.4 | 77.2 | 76.0% |
| Methodist Healthcare SNF | 44 | 44 | 0 | 0 | 0 | 14.7 | 0.0 | 33.4% |
| Midsouth Health And Rehabilitation Center | 155 | 0 | 0 | 155 | 0 | 20.2 | 59.7 | 51.6% |
| Millington Healthcare Center | 85 | 19 | 0 | 66 | 0 | 19.9 | 57.9 | 91.6% |
| Poplar Point (f/k/a Overton Park) | 169 | 0 | 115 | 54 | 0 | 28.9 | 101.5 | 77.2% |
| Parkway Health And Rehabilitation Center | 120 | 0 | 0 | 120 | 0 | 40.4 | 76.1 | 97.1% |
| Quality Care Center of Memphis | 48 | 0 | 0 | 48 | 0 | 0.5 | 33.0 | 69.9% |

THE FARMS AT BAILEY STATION

CN1303-008

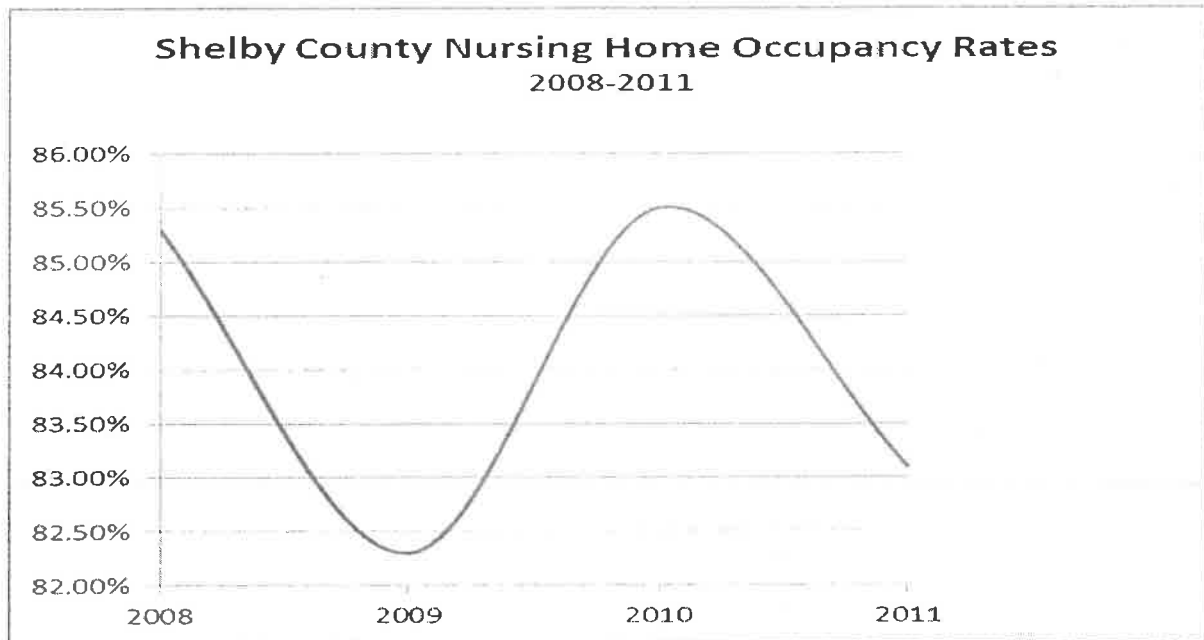
June 26, 2013

PAGE 8

| | | | | | | | | |
|--|--------------|------------|------------|--------------|------------|---------------|---------------|--------------|
| Quince Nursing and Rehabilitation Center | 188 | 0 | 0 | 188 | 0 | 43.4 | 138.3 | 96.7% |
| Rainbow Health & Rehab Of Memphis | 115 | 0 | 0 | 115 | 0 | 30.8 | 78.1 | 94.7% |
| Signature Healthcare at Saint Francis | 197 | 0 | 0 | 197 | 0 | 79.6 | 92.5 | 87.30% |
| Signature Healthcare at St. Peter Villa | 180 | 0 | 60 | 120 | 0 | 47.4 | 101.8 | 82.9% |
| Signature Healthcare Of Memphis | 140 | 0 | 0 | 140 | 0 | 32.7 | 100.0 | 94.8% |
| Spring Gate Rehabilitation And Healthcare Center | 233 | 0 | 0 | 145 | 88 | 59.7 | 155.6 | 92.4% |
| The Highlands Of Memphis Health & Rehab | 180 | 0 | 0 | 180 | 0 | 33.7 | 117.7 | 84.1% |
| The King's Daughters And Sons Home | 108 | 0 | 0 | 108 | 0 | 27.1 | 76.8 | 96.2% |
| The Village At Germantown | 30 | 30 | 0 | 0 | 0 | 25.7 | 0.0 | 85.6% |
| Whitehaven Community Living Center | 92 | 0 | 0 | 92 | 0 | 15.1 | 67.9 | 90.2% |
| Totals/Average | 4,167 | 422 | 425 | 2,782 | 258 | 1021.7 | 2501.6 | 83.5% |

Source: Tennessee Department of Health, Division of Health Statistics, JAR 2009,2010, 2011

The following chart reflects Shelby County nursing home occupancy rates for the years 2008-2011. The occupancy in 2008 was 85.3%, 82.3% in 2009, 85.5% in 2010 and 83.1% in 2011. There appears to be slight fluctuations in the Shelby County nursing home occupancy rate in the past four years by remaining between 82.3% and 85.5% but still consistently remaining below 90% occupancy.



Source: 2008 Joint Annual Report and CN1303-008

The applicant states the Villages at Germantown is the only other CCRC nursing facility in the proposed primary service area which consists of ten (10) contiguous zip codes in southeast Shelby County. The annual occupancy of the Village at Germantown in 2011 was 85.6%. The applicant states the other CCRC most relevant to this application is Kirby Pines Manor, a similarly modeled related facility in the secondary service area of Shelby County. The annual occupancy of Kirby Pines Manor in 2011 was 96.3%.

The applicant expects the ADC of the proposed thirty (30) beds to increase from approximately twenty-one (21) patients per day in the first year of operation (2016) to twenty-eight (28) patients per day by the second year of operation (2017). The corresponding facility occupancy for thirty (30) beds is 70% in Year One and 93% in Year Two.

Per the Projected Data Chart, gross operating revenue on an occupancy rate of 70% is \$4,723,030 (\$616.00 per patient day) in Year One of the project, increasing by approximately 22.8% to \$5,800,106 on an occupancy rate of 93% in Year Two. The applicant projects a net operating loss after capital expenditures of (\$535,577) in Year One, increasing to a net operating gain of \$55,394.00 after capital expenditures in Year Two.

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 10

The applicant indicates it will apply for Medicare certification only. Participation in the Medicare program during the first year of operation is anticipated to be \$3,021,725 (64% of total gross operating revenues). The applicant states it will not participate in the Medicaid/TennCare program. The applicant indicates the CCRC is not intended to serve the medically indigent.

Direct care nursing staff for Year One will consist of a total of 16.80 full-time equivalent (FTE) employees, including 1.4 FTE registered nurses, 5.6 FTE licensed practical nurses and 9.80 FTE certified nursing assistants. Rehabilitation and therapy staffing will be staffed by contract.

The construction cost per square foot for the proposed 31,019 square foot nursing home is expected to be approximately \$153.00 per square foot. The cost falls within the first quartile of nursing project costs per square foot (\$158.44/square foot) for nursing home construction costs for approval by the HSDA during 2009-2011.

The total estimated project cost is \$7,301,961. This sum is composed of \$4,976,588 in Construction Costs with Contingency, \$360,000 for Acquisition of Site, \$90,000 for Preparation of Site, \$183,000 for Moveable Equipment, \$210,000 for Pre-Lease Marketing, \$260,678 in Architectural and Engineering Fees, \$213,282 for Legal Administrative and Consultant Fees; \$677,343 for Interim Financing and Reserve for One Year's Debt Service, \$314,677 for Overall Project Contingency and \$16,393 for the CON filing fee.

Construction will be funded through a commercial loan. The applicant provided two letters regarding the commercial loan and a 3rd regarding funding operating short-falls. A March 12, 2013 letter from BankTennessee Chief Executive Officer and President Jim Rout noted that based upon previous banking relationships with both the owner and the manager, Bank Tennessee had a favorable impression of the project. The letter noted the applicant's need for construction financing of approximately \$7.3 million at a 5% interest rate. The letter noted a commitment letter would only be forthcoming after a comprehensive underwriting and detailed review with the Bank's Board approval. A 2nd letter from Mr. Rout dated March 22, 2013 (supplemental response) noted a 2 year term and addressed restrictions and conditions on the loan that included a certificate of need being granted and mutually agreeable final terms. A 3rd letter dated March 14, 2013 from Psalms Inc. President Rudolph Herzke indicated it would provide up to \$5000,000 if required to fund any operating short-falls that occurred during the 1st year of operation.

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 11

Psalms Inc. is related to project owner Luke, Inc. through common management group Retirement Communities of America (RCA). RCA manages Kirby Pines Manor (owned by Psalms, Inc.) and will manage the applicant, if approved. Kirby Pines Manor is a CCRC with a 120 bed SNF which has been in operation in Shelby County for 20 years. This project is modeled after the Kirby Pines CCRC. Both Luke, Inc. and Psalms, Inc. are Tennessee not-for-profit companies with section 501(c) (3) status tax exempt status. The corporate officers are identical and there is one common board member. The applicant provided unaudited financial statements for the period ending December 31, 2012 for Palms, Inc. Psalms, Inc. had available \$6,898,422 in cash and cash equivalents with a "current assets to liabilities ratio" of .75:1 for the reporting period. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

The applicant has submitted the required corporate and property documentation. Staff will have a copy of these documents available for member reference at the Agency meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years. *(Please note the applicant is requesting a three (3) year period to complete the proposed project due to the reported size and scope of the project).*

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied applications, or pending applications, for other health care organizations in the service area proposing this type of service.

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 12

Outstanding Certificates of Need

Christian Care Center of Memphis f/k/a Americare Health and Rehabilitation, CN0908-045A has an outstanding Certificate of Need which will expire on January 1, 2014. The CON was approved at the November 18, 2009 for the partial relocation and replacement of a health care facility (in accordance with TCA 68-11-1629): relocation of ninety (90) of two hundred and thirty seven (237) nursing home beds from 3391 Old Getwell Road in Memphis (Shelby County), TN to a 3.15 acre parcel of land at the northwest corner of Kirby Parkway and Kirby Gate Blvd in Memphis (Shelby County), TN. The estimated cost is \$8,639,395. *Project Status Update: A building permit will be issued in July, 2013. Construction will begin as soon as financing is secured. Construction is anticipated to last approximately 10-12 months. It appears the applicant will need to request an extension from the Agency past the CON expiration date of January 1, 2014 due to the time needed for construction.*

Collins Chapel Health & Rehabilitation Center, CN1202-011A, has an outstanding Certificate of Need which will expire on August 1, 2014. The CON was approved at the June 27, 2012 Agency meeting for the establishment of a nursing home with twenty-eight (28) Medicare SNF beds and to provide skilled nursing services facility services. The estimated project cost is \$1,626,331. *Project Status Update: Pending. Project update has been requested.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
5/28/2013

NURSING HOME BED POOL STATS

July 1, 2012 – June 30, 2013

125 BED POOL

| | |
|----------------------------------|----------------------|
| NH BEDS APPROVED | 30 NURSING HOME BEDS |
| NH BEDS PENDING | 30 NURSING HOME BEDS |
| SWING BEDS APPROVED | 6 SWING BEDS |
| SWING BEDS PENDING | 0 SWING BEDS |
| TOTAL BEDS DENIED | 0 BEDS |
| <u>SUBTOTAL-- BEDS REQUESTED</u> | <u>66 BEDS</u> |
| TOTAL BEDS AVAILABLE FROM POOL | 89 BEDS |
| (TOTAL PENDING BEDS) | (30 BEDS) |

| COUNTY | PROJECT NUMBER | FACILITY | PROJECT DISPOSITION | MEETING DATE | DESCRIPTION |
|----------|----------------|---|---------------------|--------------------------|--|
| Hamilton | CN1207-032 | Shallowford Healthcare, LLC | WITHDRAWN | 44/14/2012 12/12/2012 | The establishment of a thirty (30)* skilled bed nursing home (subject to the 2012-2013 Nursing Home Bed Pool). This is the second of two (2) applications, both for thirty (30)* skilled nursing home beds--the first application, CN1206-028 (subject to the 2011-2012 Nursing Home Bed Pool). The applicant plans to eventually operate a sixty (60) bed facility. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. |
| Fentress | CN1211-055 | HMA Fentress County Hospital, LLC d/b/a Jamestown Regional Medical Center | APPROVED | 2/27/2013 | The conversion of six (6) existing acute care hospital beds to swing beds. The initiation of the swing bed service will not affect the licensing bed complement of the hospital. No other services will be initiated or discontinued, and no major medical equipment is requested. No facility renovations are required for this project. |
| Sullivan | CN1212-059 | NHC at Indian Path, LLC | APPROVED | 3/27/2013 5/22/2013 | The replacement and relocation of the twenty-two (22) bed Indian Path Medical Center Transitional Care Unit and the addition of thirty (30) new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will |

THE FARMS AT BAILEY STATION

CN1303-008

June 26, 2013

PAGE 14

contain fifty-two (52) Medicare-only (skilled) nursing home beds.

| | | | | | |
|--------|------------|---|---------|------------|---|
| Shelby | CN1303-008 | The Farms at Bailey Station Skilled Nursing Facility | PENDING | 6/26, 2013 | The establishment of a skilled nursing facility consisting of thirty (30)* Medicare certified skilled nursing beds to be part of a continuing care retirement community (CCRC). |
|--------|------------|---|---------|------------|---|

LETTER OF INTENT



2013 MAR 8 AM 10 43

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before March 10, 2013 for one day.


This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601, *et seq.* and the Rules of the Health Services and Development Agency, that The Farms at Bailey Station SNF owned by Luke, Inc., a Tennessee nonprofit corporation, to be managed by Retirement Companies of America, LLC, intends to file an application for a Certificate of Need for the establishment of a skilled nursing facility consisting of 30 skilled nursing beds to be certified for Medicare participation, to be part of a continuing care retirement community which will include skilled nursing beds, assisted living beds and units and independent living units for seniors to be located on an unaddressed site on Crooked Creek Road just off Houston Levee Road, near the intersection of Houston Levee and Poplar in Collierville, Shelby County, Tennessee. The skilled nursing beds will be licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities. Services to be initiated include a full range of skilled nursing services, including intermediate level and skilled level nursing, as well as rehabilitation and therapy services. The estimated project cost is \$7,900,000.00.

The anticipated date of filing the application is March 15, 2013.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Stites & Harbison, PLLC, 401 Commerce Street, Suite 800, Nashville, Tennessee, 37219, 615-782-2228, e-mail: jerry.taylor@stites.com.



Signature



Date

=====

The published Letter of Intent contains the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

COPY-
Application

The Farms at
Bailey Station

CN1303-008



STATE OF TENNESSEE
Health Services and Dev Agency
Office 31607001
3/15/2013 12:24 PM

Cashier: annir0811001
Batch #: 461889
Trans #: 2
Workstation: AF0719WP45

=====

CON Filing Fees

| | | |
|---------------------------|----------|--------------------|
| Receipt #: | 09532804 | |
| HA01 CON Filing Fees | | \$16,393.00 |
| Payment Total: | | \$16,393.00 |
| ===== | | |
| Transaction Total: | | \$16,393.00 |
| ===== | | |
| Check | | \$16,393.00 |

Thank you for your payment.
Have a nice day!

CN1303-008

⑈0000000004⑈ ⑆065300279⑆ 6500134072⑈

Pay to the order of

LUKE, Inc.
6465 N. Quail Hollow Road
Suite 400
Memphis, TN 38120

TN Health Services & Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243

⑈00100 dollars⑈

⑈Sixteen thousand three hundred ninety three and 00/100 dollars⑈

Void After 180 Days

March 12, 2013

⑈16,393.00⑈

00000000041

Justmark National Bank
1365 South Germantown Road
Germantown, TN 38138

Security features included. Details on back.

2013 MAR 15 PM 12 24

CERTIFICATE OF NEED APPLICATION

FOR

THE FARMS AT BAILEY STATION SNF

**Establishment of a 30 Bed Skilled Nursing Facility
as Part of a Continuing Care Retirement Community**

Shelby County, Tennessee

March 15, 2013

Contact Person:

**Jerry W. Taylor, Esq.
Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, Tennessee 37219
615-782-2228**

SECTION A:

2013 MAR 15 PM 12 24

APPLICANT PROFILE**1. Name of Facility, Agency, or Institution**

The Farms at Bailey Station Skilled Nursing Facility
Name

Unaddressed site on Crooked Creek Road, off Houston Levee Road, near the intersection of
Houston Levee and Poplar
Street or Route **Shelby County**
Collierville **TN** **38017**
City **State** **Zip Code**

2. Contact Person Available for Responses to Questions

Jerry W. Taylor **Attorney**
Name **Title**
Stites & Harbison, PLLC **jerry.taylor@stites.com**
Company Name **Email address**
401 Commerce Street, Suite 800 **Nashville TN 37219**
Street or Route **City** **State** **Zip Code**
Attorney **615-782-2228** **615-742-0703**
Association with Owner **Phone Number** **Fax Number**

3. Owner of the Facility, Agency or Institution

Luke, Inc. **(901) 794-2598**
Name **Phone Number**
2171 Judicial Drive, Suite 215 **Shelby**
Street or Route **County**
Germantown **TN** **38138**
City **State** **Zip Code**

4. Type of Ownership of Control (Check One)

- | | |
|--|-------------------------------|
| A. Sole Proprietorship | F. Government (State of TN or |
| B. Partnership | G. Political Subdivision) |
| C. Limited Partnership | H. Joint Venture |
| D. Corporation (For Profit) | I. Limited Liability Company |
| E. Corporation (Not-for-Profit) X | Other (Specify) _____ |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

Organizational documentation is attached as Attachment A, 4.

5. **Name of Management/Operating Entity (If Applicable)**

Retirement Companies of America, LLC
Name

6465 Quail Hollow Road, Suite 400
Street or Route

Memphis
City

TN
State

Shelby
County
38120
Zip Code

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

A copy of the Management Agreement is attached as Attachment A, 5.

6. **Legal Interest in the Site of the Institution (Check One)**

- | | | |
|-------------------------|---|--------------------------|
| A. Ownership | X | D. Option to Lease |
| B. Option to Purchase | | E. Other (Specify) _____ |
| C. Lease of _____ Years | | |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

Copies of the deeds to the property are attached as Attachment A, 6.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- | | | |
|--|---|---|
| A. Hospital (Specify) _____ | I. Nursing Home | X |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty | J. Outpatient Diagnostic Center | |
| C. ASTC, Single Specialty | K. Recuperation Center | |
| D. Home Health Agency | L. Rehabilitation Facility | |
| E. Hospice | M. Residential Hospice | |
| F. Mental Health Hospital | N. Non-Residential Methadone Facility | |
| G. Mental Health Residential Treatment Facility | O. Birthing Center | |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | P. Other Outpatient Facility (Specify) _____ | |
| | Q. Other (Specify) _____ | |

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- | | | | |
|-----------------------------------|---|------------------------------------|-------|
| A. New Institution | X | G. Change in Bed Complement | |
| B. Replacement/Existing Facility | | [Please note the type of change by | |
| C. Modification/Existing Facility | | underlining the appropriate | |
| D. Initiation of Health Care | | response: Increase, Decrease, | |
| Service as defined in TCA § | | Designation, Distribution, | |
| 68-11-1607(4) | | Conversion, Relocation] | |
| (Specify) _____ | | H. Change of Location | _____ |
| E. Discontinuance of OB Services | | I. Other (Specify) _____ | _____ |
| F. Acquisition of Equipment | | _____ | |

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

| | <u>Current Beds Licensed</u> | <u>*CON</u> | <u>Staffed Beds</u> | <u>Beds Proposed</u> | <u>TOTAL Beds at Completion</u> |
|---|----------------------------------|-------------|-------------------------|--------------------------|---|
| A. Medical | | | | | |
| B. Surgical | | | | | |
| C. Long-Term Care Hospital | | | | | |
| D. Obstetrical | | | | | |
| E. ICU/CCU | | | | | |
| F. Neonatal | | | | | |
| G. Pediatric | | | | | |
| H. Adult Psychiatric | | | | | |
| I. Geriatric Psychiatric | | | | | |
| J. Child/Adolescent Psychiatric | | | | | |
| K. Rehabilitation | | | | | |
| L. Nursing Facility (non-Medicaid Certified) | 0 | 0 | 0 | 30 | 30 |
| M. Nursing Facility Level 1 (Medicaid only) | | | | | |
| N. Nursing Facility Level 2 (Medicare only) | | | | | |
| O. Nursing Facility Level 2 (dually certified Medicaid/Medicare) | | | | | |
| P. ICF/MR | | | | | |
| Q. Adult Chemical Dependency | | | | | |
| R. Child and Adolescent Chemical Dependency | | | | | |
| S. Swing Beds | | | | | |
| T. Mental Health Residential Treatment | | | | | |
| U. Residential Hospice | | | | | |
| TOTAL | 0 | 0 | 0 | 30 | 30 |

10. **Medicare Provider Number:** To be applied for
Certification Type: Skilled Nursing Facility
11. **Medicaid Provider Number:** N/A
Certification Type:
12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?**

The SNF will be certified for Medicare, but not Medicaid.

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.**

UnitedHealthcare

Blue Care

TennCare Select

Will this project involve the treatment of TennCare participants?

No.

If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

N/A

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

N/A

NOTE: *Section B* is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. *Section C* addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.**

Project Description

The Farms at Bailey Station Skilled Nursing Facility ("FBSSNF" or sometimes "SNF") will be a licensed skilled nursing facility that will be part of a larger Continuing Care Retirement Community ("CCRC"). In this application the applicant seeks 30 beds to be Medicare certified skilled beds. The beds will be certified as Medicare-only and private pay will also be accepted.

The larger CCRC, to be known as The Farms at Bailey Station ("Bailey Station" herein) is a major residential and health care development for the City of Collierville and Southeast Shelby County. It will ultimately include 266 independent living units constructed as free-standing one, two and three bedroom townhomes, and 63 independent living garden homes. It will also include 63 assisted living units, 23 of which will be in a designated Memory Care unit. The proposed 30 bed SNF will round out the continuum of care. Bailey Station will be situated on approximately 26.3 acres, and the FBSSNF will occupy approximately 9.3 acres of that tract.

Bailey Station will be developed in two phases. Phase I will include the 30 bed SNF, 164 independent living homes and 63 assisted living units. Phase II will add the additional 102 independent living units, and a proposed additional 30 beds to the SNF, which will be the subject of a separate, future CON application.

As a CCRC The Farms at Bailey Station gives seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the FBSSNF is a crucial component of the community. Residents of Bailey Station will buy into the community with an entrance fee, the amount of which will be determined by the size and type of unit purchased. Title to the living unit will remain vested in Bailey Station, but the resident will have a life estate (the home is for the resident's exclusive use and benefit during his or her lifetime). Each member will also pay a monthly fee, the amount of which is based on several factors, including the size and type of unit occupied upon entry. As a member of the community, each resident will be entitled to a bed in the FBSSNF if and when his or her medical needs require a skilled nursing bed. Upon the death of a resident, regardless of whether he or she was a

resident in the FBSSNF, the resident's heir(s) is entitled to a monetary payment in an amount calculated in accordance with the resident's contractual agreement.

The other levels of living at the CCRC will be the primary "feeder" for the SNF, after the first several years. The SNF beds will not be strictly limited to residents who are coming from an independent living or assisted living unit in Bailey Station, but eventually approximately 80%-85% of patients are projected to be members of Bailey Station. It is not known at what rate this "intra-community" fill up will occur, but the best estimate is this level will be achieved within 8-10 years. Because of these size and scope of the Bailey Station project, the applicant is requesting a 3 year period of validity for this certificate of need.

Services & Equipment

The FBSSNF will provide both intermediate level and skilled level of nursing services. The facility will have an on-site equipment, facilities and staff for physical rehabilitation and therapy services (Physical, Occupational and Speech Therapy).

Ownership Structure

The owner is Luke, Inc., a not-for-profit corporation located in Memphis. The FBSSNF will be related by common management through Retirement Companies of America to Kirby Pines Manor, a CCRC with a 120 bed SNF which has been successfully operating in Shelby County for over 20 years. The corporate officers of Psalms, Inc. and Luke, Inc. are identical, and there is one common board member. The Farms at Bailey Station is modeled after Kirby Pines Manor.

Service Area

The Primary Service Area (PSA) consists of 10 contiguous zip codes in southeast Shelby County. A listing of the zip codes as well as a map showing the location of these zip codes are in Attachment C, I, Need, 3. The FBSSNF will be located in Collierville, 38017.

Shelby County is the Secondary Service Area (SSA), which also encompasses the PSA. Having the entire Shelby County as the SSA is necessary in order to analyze bed need under the Guidelines for Growth, which are based on county-wide bed need and bed count.

Both of these service areas are reasonable. The PSA is geographically closest to Bailey Station, and the household incomes of the area (discussed elsewhere) are adequate to support the purchase requirements for residents of Bailey Station. And eventually, 80%-85% of the patients in the FBSSNF will be residents of the Bailey Station CCRC. Shelby County is also a reasonable SSAS. In 2011, 116 of the 117 admissions at Kirby Pines Manor were residents of Shelby County.

Need

A SNF is crucial to the success to the CCRC model. Residents are entitled to have access to nursing home care if and when the time comes and the need arises. Eventually approximately 80%-85% of patients are projected to be members of Bailey Station. It is not known at what rate this "intra-community" fill up will occur, but the best estimate is this level will be achieved within 8-10 years.

But not all patients for the FBSSNF will come from one of the other levels of living within Bailey Station; some will come from the community at large. Looking at the need from the perspective of Shelby County as a whole (the SSA), the Guidelines for Growth show that Shelby

County is under-bedded for nursing homes beds. According to calculations of the bed need formula by the Division of Health Statistics, there will be a need for 5,162 nursing home beds in Shelby County in 2015. Please see Attachment B, I, 1. According to the Licensure web site, there are currently 32 licensed nursing homes with 4,167 beds in Shelby County. However, the 2011 Joint Annual Reports filings reflect only 28 facilities and 3,584 beds. An additional 30 beds have CON approval. Therefore, there is a need for either an additional 1,548 or an additional 965 nursing home beds in Shelby County.

In order to also assess bed need in the PSA, the applicant contracted with MDS Research Company, a well-qualified and respected health planning and demographics analysis company. MDS relied on nationally recognized and accepted Claritas population projections for the 10 zip codes in the PSA and applied those to the bed need formula in the Guidelines for Growth. That analysis found there will be a need for 756 additional nursing home beds in the PSA in 2015. Please see Attachment B, I, 2.

Existing Resources

According to the Licensure web site, there are currently 32 licensed nursing homes with 4,167 beds in Shelby County. However, the 2011 Joint Annual Reports filings reflect only 28 facilities and 3,584 beds. The average occupancy rate of the facilities filing JARs in 2011 was 83.1%.

According to the Licensure web site there are 6 licensed nursing homes in the PSA with a total of 684 licensed beds, although only 4 facilities have JARs on file for the latest year available, 2011.

Project Cost & Funding

The total estimated project cost is approximately \$7.4 million. The largest single cost component is the construction cost of \$4,739,608.00. For the 31,019 square footage facility, the construction cost per square foot is \$152.80. This is below the average HSDA-approved cost per square foot for nursing home projects for 2009-2011, which is \$167.31.

The real property was purchased by the applicant several years ago and the purchase price was fair market value at that time. The land acquisition cost reflected on the Project Cost Chart for the SNF is the pro-rated cost of the land per acre.

The only other capital cost is the movable equipment cost of \$183,000.00 which represents furniture, fixtures and equipment (FFE). This is a reasonable cost and takes advantage of the purchasing power and vendor relationships of the management company, Retirement Companies of America.

Initial interim financing will be through a commercial loan. Ultimately the intent is to have permanent financing through tax exempt bonds, but that will be at an undetermined point in the future. All financial projections in this application are based on a commercial loan.

Financial Feasibility

This project is economically feasible. Due to the 30 bed limitation the economics are more challenging in the start-up period, but after the first year the project will produce a positive net operating income. The Projected data Chart shows a net operating loss in the first year of \$535,577. However, this includes a depreciation expense of \$178,000, which is not a cash

expense and does not negatively affect cash flow. Adding that back in results in an actual operating loss of \$357,577. Funds will be available to cover this loss. First of all, the capital cost which will be covered by the \$7.4 million interim financing loan include come contingent expenses that may not actually be incurred, or at least not in the full amount reflected in the Project Cost Chart. This includes \$236,980 in construction contingency (Line A, 6), and an additional \$314,677 in overall project contingency (Line C, 4). In addition, the estimated project costs include entries for both interim financing interest (Line C, 1), and reserve for one year's debt service (Line C, 3), which is essentially double counting the interest that will actually be paid in Year 1. If some or all of these amounts are not actually used, those funds will be available from the loan proceeds to cover operational losses. And if necessary, Psalms, Inc. will provide up to \$500,000 to Luke, Inc. to cover operational losses. A letter from Psalms Inc. is attached as part of the funding letters attached as Attachment C, II, Economic Feasibility, 2. By the end of Year 2 the FBSSNF will have a positive net operating income of \$55,394 and a positive cash flow of approximately \$233,394 (including the depreciation add-back).

Staffing

Upon fill-up and stabilization at 93% occupancy, the total patient care nursing staffing will be 16.8 FTEs. This will consist of 1.4 FTE RNs, 5.6 FTE LPNs, and 9.8 FTE CNAs. The rehab and therapies staffing will be contractual.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.**

If the project involves none of the above, describe the development of the proposal.

The FBSSNF will occupy a single ground floor area consisting of approximately 31,019 gross square feet of space. It will be in a structure which will have the assisted living units immediately contiguous, located on the southeast quadrant of the larger Bailey Station campus. All 30 patient rooms will be private rooms and each will include a private rest room and lavatory. The patient rooms will consist of 10,920 square feet of total space.

The FBSSNF will also include 846 square feet of rehab/therapy space. In addition to the patient care areas, the facility will have ample space for resident relaxation, circulation and

family visitation.

The total estimated cost of construction for the FBSSNF is \$4,739,608. For the entire 31,019 square foot facility, the construction cost per square foot is \$152.80. A completed Square Footage and Cost Per Square Footage Chart is on the following page.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

The applicant is seeking 30 skilled nursing beds to be certified for Medicare participation but not for Medicaid/TennCare participation.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

| A. Unit / Department | Existing Location | Existing SF | Temporary Location | Proposed Final Location | Proposed Final Square Footage | | | Proposed Final Cost / SF | | |
|---|-------------------|-------------|--------------------|-------------------------|-------------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
| | | | | | Renovated | New | Total | Renovated | New | Total |
| Covered Vehicular Drop Off (Includes Porch) | - | - | - | - | - | 1588 | 1588 | - | \$ 241,376.00 | \$ 241,376.00 |
| Rehabilitation | - | - | - | - | - | 846 | 846 | - | \$ 128,592.00 | \$ 128,592.00 |
| Office (varies) | - | - | - | - | - | 117 | 117 | - | \$ 17,784.00 | \$ 17,784.00 |
| Lobby | - | - | - | - | - | 417 | 417 | - | \$ 63,384.00 | \$ 63,384.00 |
| Reception | - | - | - | - | - | 108 | 108 | - | \$ 16,416.00 | \$ 16,416.00 |
| Convenience Stair | - | - | - | - | - | 131 | 131 | - | \$ 19,912.00 | \$ 19,912.00 |
| Bathing Spa | - | - | - | - | - | 238 | 238 | - | \$ 36,176.00 | \$ 36,176.00 |
| Resident Laundry | - | - | - | - | - | 80 | 80 | - | \$ 12,160.00 | \$ 12,160.00 |
| Courtyard | - | - | - | - | - | 1118 | 1118 | - | \$ 169,936.00 | \$ 169,936.00 |
| Household Entrance | - | - | - | - | - | 165 | 165 | - | \$ 25,080.00 | \$ 25,080.00 |
| Resident Bedrooms | - | - | - | - | - | 10920 | 10920 | - | \$ 1,659,840.00 | \$ 1,659,840.00 |
| Living Room | - | - | - | - | - | 478 | 478 | - | \$ 72,656.00 | \$ 72,656.00 |
| Dining Room | - | - | - | - | - | 481 | 481 | - | \$ 73,112.00 | \$ 73,112.00 |
| Kitchen | - | - | - | - | - | 143 | 143 | - | \$ 21,736.00 | \$ 21,736.00 |
| Care Station | - | - | - | - | - | 54 | 54 | - | \$ 8,208.00 | \$ 8,208.00 |
| Pantry | - | - | - | - | - | 43 | 43 | - | \$ 6,536.00 | \$ 65,236.00 |
| Powder Room (varies) | - | - | - | - | - | 48 | 48 | - | \$ 7,296.00 | \$ 7,296.00 |
| Clean Utility | - | - | - | - | - | 48 | 48 | - | \$ 7,296.00 | \$ 7,296.00 |
| Medication Room | - | - | - | - | - | 48 | 48 | - | \$ 7,296.00 | \$ 7,296.00 |
| Soiled Utility | - | - | - | - | - | 48 | 48 | - | \$ 7,296.00 | \$ 7,296.00 |
| Seating Area | - | - | - | - | - | 142 | 142 | - | \$ 21,584.00 | \$ 21,584.00 |
| Housekeeping Closet | - | - | - | - | - | 27 | 27 | - | \$ 4,104.00 | \$ 5,104.00 |
| Family Visiting/Den | - | - | - | - | - | 178 | 178 | - | \$ 27,056.00 | \$ 27,056.00 |
| Temporary Kitchen | - | - | - | - | - | 1560 | 1560 | - | \$ 237,120.00 | \$ 237,120.00 |
| Hospitality Center | - | - | - | - | - | 83 | 83 | - | \$ 12,616.00 | \$ 12,616.00 |
| Nurse Station | - | - | - | - | - | 180 | 180 | - | \$ 27,360.00 | \$ 27,360.00 |
| Beauty Salon | - | - | - | - | - | 253 | 253 | - | \$ 38,456.00 | \$ 38,456.00 |
| Table and Chair Storage | - | - | - | - | - | 92 | 92 | - | \$ 13,984.00 | \$ 13,984.00 |
| Leasable Space | - | - | - | - | - | 1587 | 1587 | - | \$ 241,224.00 | \$ 241,224.00 |
| Multipurpose Room | - | - | - | - | - | 1726 | 1726 | - | \$ 262,352.00 | \$ 262,352.00 |
| Hallways/Walls/Common | - | - | - | - | - | 5600 | 5600 | - | \$ 851,200.00 | \$ 851,200.00 |
| B. Unit/Depart. GSF Sub-Total | | | | | | 28547 | 28547 | | \$ 4,339,144.00 | \$ 4,339,144.00 |
| C. Mechanical/ Electrical GSF | | | | | | 2472 | 2472 | | \$ 400,464.00 | \$ 400,464.00 |
| D. Circulation / Structure GSF | | | | | | Included in above | Included in above | | Included in above | Included in above |
| E. Total GSF | | | | | | 31019 | 31019 | | \$ 4,739,608.00 | \$ 4,739,608.00 |

- C. **As the applicant, describe your need to provide the following health care services (if applicable to this application):**

Long-term Care Services:

A SNF is crucial to the success to the CCRC model. Residents are entitled to have access to nursing home care if and when the time comes and the need arises. Eventually approximately 80%-85% of patients are projected to be members of Bailey Station. It is not known at what rate this "intra-community" fill up will occur, but the best estimate is this level will be achieved within 8-10 years.

But not all patients for the FBSSNF will come from one of the other levels of living within Bailey Station; some will come from the community at large. Looking at the need from the perspective of Shelby County as a whole (the SSA), the Guidelines for Growth show that Shelby County is under-bedded for nursing homes beds. According to calculations of the bed need formula by the Division of Health Statistics, there will be a need for 5,162 nursing home beds in Shelby County in 2015. According to the Licensure web site, there are currently 32 licensed nursing homes with 4,167 beds in Shelby County. However, the 2011 Joint Annual Reports filings reflect only 28 facilities and 3,584 beds. An additional 30 beds have CON approval. Therefore, there is a need for either an additional 1,548 or an additional 965 nursing home beds in Shelby County.

In order to also assess bed need in the PSA, the applicant contracted with MDS Research Company, a well-qualified and respected health planning and demographics analysis company. MDS relied on nationally recognized and accepted Claritas population projections for the 10 zip codes in the PSA and applied those to the bed need formula in the Guidelines for Growth. That analysis found there will be a need for 756 additional nursing home beds in the PSA in 2015. Please see Attachment B, I, 2.

- D. **Describe the need to change location or replace an existing facility.**

N/A.

- E. **Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:**

Section II, E is not applicable.

1. **For fixed-site major medical equipment (not replacing existing equipment):**
 - a. **Describe the new equipment, including:**
 1. **Total cost ;(As defined by Agency Rule).**
 2. **Expected useful life;**

3. List of clinical applications to be provided; and

4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

2. For mobile major medical equipment:

a. List all sites that will be served;

b. Provide current and/or proposed schedule of operations;

c. Provide the lease or contract cost.

d. Provide the fair market value of the equipment; and

e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (*in acres*);

2. Location of structure on the site; and

3. Location of the proposed construction.

4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

A plot plan is attached as Attachment B, III, A.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The Farms at Bailey Station is located on an Unaddressed site on Crooked Creek Road, off Houston Levee Road, near the intersection of Houston Levee and Poplar in Collierville, Tennessee. The SNF is located on the southeast quadrant of the development. The site is not accessible by public transportation, except taxi cab.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

A floor plan is attached as Attachment B, IV.

- V. For a Home Health Agency or Hospice, identify:

N/A.

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care.” The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate “Not Applicable (NA).”

QUESTIONS

I. NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee’s Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

NURSING HOME SERVICES

A. Need

1. The need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need = .0005 x pop. 65 and under

.0120 x pop. 65 – 74

.0600 x pop. 75 – 84

.1500 x pop. 85 +

The applicant understands it is acceptable practice to rely on the Department of Health's calculations to nursing home bed need in accordance with the above formula. The Department of Health's calculations are reflected in Attachment B, I, 1. The total bed need for Shelby County in 2015 is 5,165 beds.

- 2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health, Division of Information Resources.**

The Department of Health's calculations reflected in Attachment B, I, 1 include projections two years into the future.

- 3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health, Office of Health Policy.**

According to the Licensure web site, there are currently 32 licensed nursing homes with 4,167 beds in Shelby County. However, the 2011 Joint Annual Reports filings reflect only 28 facilities and 3,584 beds. An additional 30 beds have CON approval. Therefore, there is a need for either an additional 1,548 or an additional 965 nursing home beds in Shelby County in 2015.

- 4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside.**

The Primary Service Area (PSA) consists of 10 contiguous zip codes in southeast Shelby County. A listing of the zip codes as well as a map showing the location of these zip codes are in Attachment C, I, Need, 1, (a) 3. The FBSSNF will be located in Collierville, 38017.

Shelby County is the Secondary Service Area (SSA), which also encompasses the PSA. Having the entire Shelby County as the SSA is necessary in order to analyze bed need under the Guidelines for Growth, which are based on county-wide bed need and bed count.

Both of these service areas are reasonable. The PSA is geographically closest to Bailey Station, and the household incomes of the area (discussed elsewhere) are adequate to support the purchase requirements for residents of Bailey Station. Shelby County is also a reasonable SSAS. In 2011, 116 of the 117 admissions at Kirby Pines Manor were residents of Shelby County.

- 5. A majority of the population of a service area for any nursing home should be within 30 minutes travel time from that facility.**

Eventually, 80%-85% of the patients in the FBSSNF are expected to be residents of the larger CCRC on the same campus as the SNF. For the immediate future, 65%-75% are expected to come from the PSA, which is all significantly under a 30 minute drive time.

6. The Health Facilities Commission may approve new nursing home beds in excess of the need formula for a service area if the following criteria are met:

The need formula shows a need for an additional 965-1,548 beds, so the exception criteria need not be met.

a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation; and

N/A. The need formula shows a need for an additional 965-1,548 beds, so the exception criteria need not be met.

b. All nursing homes in the proposed service area are utilized at an average occupancy rate of at least 95%.

N/A. The need formula shows a need for an additional 965-1,548 beds, so the exception criteria need not be met.

B. Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90% after two years of operation.

The applicant projects achieving and maintaining a 93% occupancy rate after the first 6 months of operation.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home which has been identified by the Regional Quality Assurance Administrator as consistently non-complying with quality assurance regulations shall be considered in determining the service areas (sic) average occupancy rate.

Although every existing facility has not maintained a 95% occupancy rate, the Guidelines for Growth reflect a need for an additional 965-1,548 nursing home beds in 2015. Therefore, this project should be regarded as an exception to this particular provision.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

N/A. This is a proposed new facility

4. A free-standing nursing home shall have a capacity of at least 60 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 60 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

This application should be considered an exception to this standard because it is part of a CCRC.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)**

N/A.

- 2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.**

In the future, the applicant intends to file an application for an additional 30 beds, which if approved will give the facility a total of 60 beds. In the absence of any such future approval, however, this project is justified and feasible.

- 3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11"**

The Primary Service Area (PSA) consists of 10 contiguous zip codes in southeast Shelby County. A listing of the zip codes as well as a map showing the location of these zip codes are in Attachment C, I, Need, 1, (a), 3. The FBSSNF will be located in Collierville, 38017.

Shelby County is the Secondary Service Area (SSA), which also encompasses the PSA. Having the entire Shelby County as the SSA is necessary in order to analyze bed need under the Guidelines for Growth, which are based on county-wide bed need and bed count.

Both of these service areas are reasonable. The PSA is geographically closest to Bailey Station, and the household incomes of the area (discussed elsewhere) are adequate to support the purchase requirements for residents of Bailey Station. Shelby County is also a reasonable SSA. In 2011, 116 of the 117 admissions at Kirby Pines Manor were residents of Shelby County.

A map of the service area is attached as Attachment C, I, Need, 3.

4. A. Describe the demographics of the population to be served by this proposal.

A table reflecting the population and demographics of the service areas is attached as Attachment C, I, Need, 4.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The Farms at Bailey Station fills a special need for a care alternative and a continuum of care for seniors. As a CCRC The Farms at Bailey Station gives seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the FBSSNF is a crucial component of the community. Some notable demographic characteristics of the PSA population include the following:

- The PSA population is projected to grow by 6% 2013-2015, a rate 3 times greater than the projected growth rate for Shelby County and the State as a whole (2% growth rate each).
- The PSA population is projected to grow by 11% 2013-2015, as compared to a growth rate of 6% for Shelby County and 7% for the State as a whole.
- The PSA has a median household income well above that of Shelby County, and the state as a whole.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

According to the Licensure web site, there are currently 32 licensed nursing homes with 4,167 beds in Shelby County. However, the 2011 Joint Annual Reports filings reflect only 28 facilities and 3,584 beds. The average occupancy rate of the facilities filing JARs in 2011 was 83.1%. Utilization data for each facility, taken from the JARs for the past 3 reporting years ('09-'11) are attached as Attachment C, I, Need, 5.

Almost all of these are traditional nursing home models. There is only one other CCRC nursing facility in the primary service area, and that is The Villages at Germantown. Its annual occupancy averaged 87.5% 2009-2011. The other CCRC most relevant to this application is Kirby Pines Manor, a related facility in Shelby

County. Kirby Pines Manor' average occupancy rate has exceeded 90% for each of the past three years: 2009 = 96.3%; 2010 = 92.6%; 2011= 96.3%. The FBSSNF will be closely modeled after the highly successful Kirby Pines Manor and projects high occupancy rates after roughly 6 months of opening.

- 6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

This is a proposed new facility so there is no historical occupancy data. Utilization data for the related facility, Kirby Pines Manor, is included in Attachment C, I, Need, 5. Kirby Pines Manor' average occupancy rate has exceeded 90% for each of the past three years: 2009 = 96.3%; 2010 = 92.6%; 2011= 96.3%.

The projected utilization is as follows:

| <u>Year</u> | <u>Patient Days</u> | <u>Average Annual Occupancy</u> |
|-------------|---------------------|---------------------------------|
| Year 1: | 7,665 | 70% |
| Year 2: | 10,220 | 93% |

Since this is a new nursing home facility, there is no past history to draw upon to project its occupancy. The following points were the only factors that could really be used in estimating the anticipated occupancy in the first six months of operation.

- The facility is located where the PSA population is projected to grow by 6% from 2013 to 2015, a rate that is 3 times the projected growth rate of both Shelby County and the State of Tennessee.
- Most new rooms being built or renovated are now private versus semi-private both in nursing homes and hospitals reflecting a change in family preference and a need for this type facility in this service area.
- A large hospital with only private rooms is less than 5 miles away, so the occupancy of the SNF private beds starting at 2 and increasing to 25 by the 7th month does not seem unreasonable.
- Being a new facility will draw attention to its availability and location for both short and long term occupancy.

- The median PSA household income is well above that of Shelby County and the state as a whole. Thus, potential residents will be much more likely to accept the higher patient day charges which range from \$13.47 to \$177.57 more than existing facilities in the service area, particularly when you consider that all 30 rooms are private.

Taking into account the above factors, the following reflects how the occupancy is projected to ramp up to 93% by the end of the first 7 months of the initial year of operation:

| <u>Month</u> | <u>Medicare</u> | <u>Private</u> | <u>Total</u> | <u>Occupancy %</u> |
|--------------|-----------------|----------------|--------------|--------------------|
| 1 | 2 | 1 | 3 | 10% |
| 2 | 5 | 1 | 6 | 20% |
| 3 | 9 | 1 | 10 | 33% |
| 4 | 13 | 2 | 15 | 50 % |
| 5 | 20 | 2 | 22 | 73% |
| 6 | 25 | 2 | 27 | 90% |
| 7 | 25 | 3 | 28 | 93% |

II. ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which

should be included under construction costs or incorporated in a facility lease.

For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

A completed Project Costs Chart is on the following page. The total estimated project cost is approximately \$7.4 million. The largest single cost component is the construction cost of \$4,739,608.00. For the 31,019 square footage facility, the construction cost per square foot is \$152.80. This is below the median new construction cost for nursing homes approved by the HSDA for the years 2009-2011. That median cost is \$167.31 per square foot.

A letter from the project architect verifying the reasonableness of the estimated construction cost is attached as Attachment C, II, Economic Feasibility, 1.

43 PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:

| | |
|---|------------|
| 1. Architectural and Engineering Fees | \$ 260,678 |
| 2. Legal, Administrative, Consultant Fees | 213,282 |
| 3. Acquisition of Site | 360,000 |
| 4. Preparation of Site | 90,000 |
| 5. Construction Costs | 4,739,608 |
| 6. Contingency Fund | 236,980 |
| 7. Fixed Equipment (Not included in Construction Contract) | - |
| 8. Moveable Equipment (List all equipment over \$50,000.00) | 183,000 |
| 9. Other (Specify) <u>Pre-Lease Marketing</u> | 210,000 |

B. Acquisition by gift donation, or lease:

| | |
|--|---|
| 1. Facility (Inclusive of building and land) | - |
| 2. Building Only | - |
| 3. Land Only | - |
| 4. Equipment (Specify) _____ | - |
| 5. Other (Specify) _____ | - |

C. Financing Costs and Fees:

| | |
|---|---------|
| 1. Interim Financing | 330,411 |
| 2. Underwriting Costs | - |
| 3. Reserve for One Year's Debt Service | 346,932 |
| 4. Other (Specify) <u>Overall Project Contingency</u> | 314,677 |

D. Estimated Project Cost (A+B+C) 7,285,568

E. CON Filing Fee 16,393

F. Total Estimated Project Cost (D & E) 7,301,961

TOTAL **\$ 7,301,961**

2. Identify the funding sources for this project.

a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☒ **A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**
- ☐ **B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**
- ☐ **C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.**
- ☐ **D. Grants--Notification of intent form for grant application or notice of grant award; or**
- ☐ **E. Cash Reserves--Appropriate documentation from Chief Financial Officer.**
- ☐ **F. Other—Identify and document funding from all other sources.**

Initial interim financing will be through a commercial loan. Ultimately the intent is to have permanent financing through tax exempt bonds, but that will be at an undetermined point in the future. All financial projections are based on a commercial loan. A funding letter for the interim financing is attached as Attachment C, II, Economic Feasibility, 2. Also attached is a letter verifying that Psalms, Inc. will make available up to \$500,000 to Luke, Inc. to cover operational losses in Year 1 if necessary.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The total estimated project cost is approximately \$7.4 million. The largest single cost component is the construction cost of \$4,739,608.00. For the 31,019 square footage facility, the construction cost per square foot is \$152.80. The average HSDA-approved cost per square foot for nursing home projects for 2009-2011 is as follows:

**Nursing Home Construction Cost Per Square Foot
Years: 2009 – 2011**

| | Renovated Construction | New Construction | Total Construction |
|---------------------|-----------------------------------|-----------------------------|-------------------------------|
| 1st Quartile | NA | \$158.44/sq. ft. | \$94.55/sq. ft. |
| Median | NA | \$167.31/sq. ft. | \$165.00/sq. ft. |
| 3rd Quartile | NA | \$176.00/sq. ft. | \$168.25/sq. ft. |

Source: HSDA; CON approved applications for years 2009 through 2011

The estimated cost of \$152.80 per square foot is below the median approved by the HSDA for new nursing home construction during 2009-2011.

The real property was purchased by the applicant several years ago and the purchase price was fair market value at that time. The land acquisition cost reflected on the Project Cost Chart for the SNF is the pro-rated cost of the land per acre.

The only other capital cost is the movable equipment cost of \$183,000.00 which represents furniture, fixtures and equipment (FFE). This is a reasonable cost and takes advantage of the purchasing power and vendor relationships of the management company, Retirement Companies of America.

4. **Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

This is a proposed new facility, so there is no Historical Data Chart.

A completed Projected Data Chart is attached on the following page.

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in _____.

2013 MAR 15 PM 12 25

| | Year 1 | Year 2 |
|--|---------------------|------------------|
| A. Utilization/Occupancy Data (Patient Days). | 7,665 | 10,220 |
| B. Revenue from Services to Patients | | |
| 1. Inpatient Services | \$ 4,723,030 | \$ 5,800,106 |
| 2. Outpatient Services | - | - |
| 3. Emergency Services | - | - |
| 4. Other Operating Revenue (Specify) _____ | - | - |
| Gross Operating Revenue | 4,723,030 | 5,800,106 |
| C. Deductions from Operating Revenue | | |
| 1. Contractual Adjustments | 1,412,190 | 1,591,110 |
| 2. Provisions for Charity Care | - | - |
| 3. Provisions for Bad Debt | 2,400 | 2,400 |
| Total Deductions | 1,414,590 | 1,593,510 |
| NET OPERATING REVENUE | 3,308,440 | 4,206,596 |
| D. Operating Expenses | | |
| 1. Salaries and Wages | 1,111,375 | 1,178,896 |
| 2. Physicians' Salaries and Wages | 12,000 | 12,000 |
| 3. Supplies | 338,494 | 402,486 |
| 4. Taxes | 164,148 | 169,504 |
| 5. Depreciation | 178,000 | 178,000 |
| 6. Rent | - | - |
| 7. Interest, other than Capital | - | - |
| 8. Management Fees: | | |
| a. Fees to Affiliates | 4,216 | 4,216 |
| b. Fees to Non-Affiliates | 17,360 | 17,360 |
| 9. Other Expenses | 1,653,424 | 1,823,740 |
| Specify: See Attached _____ | | |
| Total Operating Expenses | 3,479,017 | 3,786,202 |
| E. Other Revenue (Expenses)--Net | - | - |
| Specify: _____ | | |
| NET OPERATING INCOME (LOSS) | (170,577) | 420,394 |
| F. Capital Expenditures | | |
| 1. Retirement of Principal | - | - |
| 2. Interest | 365,000 | 365,000 |
| Total Capital Expenditures | 365,000 | 365,000 |
| NET OPERATING INCOME (LOSS) | (170,577) | 420,394 |
| LESS CAPITAL EXPENDITURES | 365,000 | 365,000 |
| NOI LESS CAPITAL EXPENDITURES | \$ (535,577) | \$ 55,394 |

LUKE, INC.
d/b/a The Farms at Bailey Station
Other Expenses--Line 9
Years 1 & 2

| <u>Description</u> | <u>Year 1</u> | <u>Year 2</u> |
|--|---------------------|---------------------|
| Employee Health and Worker's Comp. Insurance | \$ 189,372 | \$ 191,868 |
| Licenses, Fees and Dues | 2,120 | 2,120 |
| Property & Liability Insurance | 62,400 | 62,400 |
| Physical, Occupational & Speech Therapy | 1,304,450 | 1,472,270 |
| Radiology, Lab, & Other Medcial Services | 25,200 | 25,200 |
| Repairs & Maintenance | 10,442 | 10,442 |
| Telephone | 4,140 | 4,140 |
| Training, Seminars, Travel & Lodging | 6,100 | 6,100 |
| Utilities & Waste Services | 49,200 | 49,200 |
| Total Other Expenses--Line 9 | \$ 1,653,424 | \$ 1,823,740 |

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

As calculated from the Projected Data Chart for Year 1:

| | |
|-----------------------|----------|
| Average Gross Charge: | \$616.18 |
| Average Deduction: | \$184.55 |
| Average Net Charge: | \$431.63 |

The above includes room and board and all ancillary charges, including rehab therapies.

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Private Pay Residents:

| | |
|---------------------|------------------|
| Life Care Resident: | \$268.00 per day |
| Private Room: | \$298.00 per day |
| Private Suite: | \$338.00 per day |

Medicare Residents:

| | |
|----------------|------------------|
| Private Room: | \$329.00 per day |
| Private Suite: | \$369.00 per day |

This is a proposed new facility, so there are no current charges.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The following reflect the average charges per patient day of the facilities that are located in the Collierville area. These are calculated from the 2011 JARs. Of these, only the Villages at Germantown is a CCRC and therefore the most closely comparable to FBSSNF.

| <u>Facility</u> | <u>Avg. Net Charge</u> |
|-----------------|--------------------------|
| FBSSNF (2015) | \$431.63 per patient day |

| | |
|------------------------------|--------------------------|
| Village at Germantown (2011) | \$418.16 per patient day |
| Applingwood (2011) | \$254.06 per patient day |
| Dove Healthcare (2011) | \$262.47 per patient day |
| Memphis Jewish Home (2011) | \$283.36 per patient day |

Although the FBSSNF average charges are higher than the comparables, it should be taken into account that (1) the comparable charges are for 2011, whereas the FBSSNF projected charges are for 2015; (2) FBSSNF will have a higher mix of skilled Level II and rehab patients than those listed (except for Villages at Germantown) which results in higher average charges per day.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

The applicant is projecting 7,665 patient days in Year 1, for an average annual occupancy rate of 70%. The applicant projects 10,220 patient days in Year 2, for an average annual occupancy rate of 93%. The projected utilization is sufficient to render the project financially feasible as discussed below.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

This project is economically feasible. Due to the 30 bed limitation the economics are more challenging in the start-up period, but after the first year the project will produce a positive net operating income. The Projected data Chart shows a net operating loss in the first year of \$535,577. However, this includes a depreciation expense of \$178,000, which is not a cash expense and does not negatively affect cash flow. Adding that back in results in an actual operating loss of \$357,577. Funds will be available to cover this loss. First of all, the capital cost which will be covered by the \$7.4 million interim financing loan include come contingent expenses that may not actually be incurred, or at least not in the full amount reflected in the Project Cost Chart. This includes \$236,980 in construction contingency (Line A, 6), and an additional \$314,677 in overall project contingency (Line C, 4). In addition, the estimated project costs include entries for both interim financing interest (Line C, 1), and reserve for one year's debt service (Line C, 3), which is essentially double counting the interest that will actually be paid in Year 1. If some or all of these amounts are not actually used, those funds will be available from the loan proceeds to cover operational losses. And if necessary, Psalms, Inc. will provide up to \$500,000 to Luke, Inc. to cover operational losses. A letter from Psalms Inc. is attached as part of the funding letters attached as Attachment C, II, Economic Feasibility, 2. By the end of Year 2 the FBSSNF will have a positive net operating income of \$55,394 and a positive cash flow of approximately \$233,394 (including the depreciation add-back).

9. **Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.**

FBSSNF will participate in Medicare, but will not participate in Medicaid/TennCare. The owner Luke, Inc. is a not for profit corporation, but the CCRC model is not intended to serve the medically indigent. The target population is middle and upper-middle class individuals who have the resources to pay the entrance fee and monthly fees.

The estimated revenue from Medicare in Year 1 is \$3,021,725.

10. **Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.**

The applicant is a start-up company and does not have any financial statements. It is not a subsidiary of a parent company. It is affiliated with Psalms, Inc. by the two organizations' common management company, Retirement Communities of America, and by the fact it has identical corporate officers, and one common board member. A copy of the financial statements for Psalms, Inc. is attached as Attachment C, III, Economic Feasibility, 10.

11. **Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**
 - a. **A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.**

The CCRC model is unique, and fills an important niche in the senior care consortium. It affords seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and a SNF is a crucial component of the continuum of care. For this reason, there is no practical alternative to having a SNF on site in the CCRC.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

Please see the immediately preceding response. There is no practical alternative to new construction. The Farms at Bailey Station is a major new development in the City of Collierville and east Shelby County, and has the strong support of the government and the citizens of the area.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- 1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

A list is attached as Attachment C, III, Orderly Development, 1.

- 2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

The Farms at Bailey Station will have a positive effect on the health care system. It fills a need for a care alternative and a continuum of care for seniors. As a CCRC the Farms at Bailey Station gives seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the FBSSNF is a crucial component of the community. Residents of Bailey Station will buy into the community with an entrance fee, the amount of which will be determined by the size and type of unit purchased. Title to the living unit will remain vested in Bailey Station, but the resident will have a life estate (the home is for the resident's exclusive use and benefit during his or her lifetime). Each member will also pay a monthly fee, the amount of which is based on several factors, including the size and type of unit occupied upon entry. As a member of the community, each resident will be entitled to a bed in the FBSSNF if and when his or her medical needs require a skilled nursing bed. Upon the death of a resident, regardless of whether he or she was a resident in the FBSSNF, the resident's heir(s) is entitled to a monetary payment in an amount calculated in accordance with the resident's contractual agreement.

Not all patients for the FBSSNF will come from one of the other levels of living within Bailey Station; some will come from the community at large. This is especially

true during the first several years of operations. Eventually approximately 80%-85% of patients are projected to be members of Bailey Station. It is not known at what rate this “intra-community” fill up will occur, but the best estimate is this level will be achieved within 8-10 years.

According to the Licensure web site, there are currently 32 licensed nursing homes with 4,167 beds in Shelby County. However, the 2011 Joint Annual Reports filings reflect only 28 facilities and 3,584 beds. The average occupancy rate of the facilities filing JARs in 2011 was 83.1%. Utilization data for each facility, taken from the JARs for the past 3 reporting years ('09-'11) are attached as Attachment C, I, Need, 5.

Almost all of these are traditional nursing home models. There is only one other CCRC nursing facility in the primary service area, and that is The Villages at Germantown. Its annual occupancy averaged 87.5% 2009-2011. The other CCRC most relevant to this application is Kirby Pines Manor, a related facility in Shelby County. Kirby Pines Manor' average occupancy rate has exceeded 90% for each of the past three years: 2009 = 96.3%; 2010 = 92.6%; 2011= 96.3%. The FBSSNF will be closely modeled after the highly successful Kirby Pines Manor and projects high occupancy rates after roughly 6 months of opening.

3. **Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

The following is the projected staffing upon fill-up and stabilization at 93% occupancy:

| Position | FTE | Salary | Median Wage |
|----------|-------|-----------|--------------------|
| RN--REG | 1.00 | \$72,800 | \$59,706 (per FTE) |
| RN--W/E | 0.40 | \$43,680 | \$59,706 (per FTE) |
| LPN-REG | 4.00 | \$166,400 | \$40,735 (per FTE) |
| LPN--W/E | 1.60 | \$99,840 | \$40,735 (per FTE) |
| CNA--REG | 7.00 | \$145,600 | \$22,516 (per FTE) |
| CNA--W/E | 2.80 | \$87,360 | \$22,516 (per FTE) |
| TOTAL | 16.80 | | |

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

The applicant does not anticipate difficulty filling positions needed for FBSSNF. In addition to meeting a need for SNF beds as part of a CCRC, this project will also bring a community benefit of creating jobs in a still difficult economy. The FBSSNF will comply with all licensing requirements of the Department of Health.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

The management company for the FBSSNF, Retirement Companies of America, is an experienced long term care management company. It has managed the highly successful Kirby Pines Manor SNF for over 20 years. RCA is very familiar with all applicable regulations and licensing requirements related to staffing and operations, and will fully implement and assure compliance with same.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

N/A. This is a proposed new facility. The owner would favorably consider such opportunities in the future.

7. (a) **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

The management company for the FBSSNF, Retirement Companies of America, is an experienced long term care management company. It has managed the highly successful Kirby Pines Manor SNF for over 20 years. RCA is very familiar with all applicable regulations and licensing requirements related to staffing and operations, and will fully implement and assure compliance with same.

- (b) **Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

Licensure: Tennessee Department of Health, Board for Licensing Health Care Facilities.

Accreditation: None.

If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

N/A. This is a proposed new facility.

8. **For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

N/A. This is a proposed new facility.

9. **Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

None.

10. **Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.**

None.

11. **If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

The applicant will do so.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

The Notice of Intent was published in the Commercial Appeal, a newspaper of general circulation in Shelby County, Tennessee on March 10, 2013. A Publisher's Affidavit has been requested and will be submitted upon receipt.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

A completed Project Completion Forecast Chart is attached following this page.

- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.**

Due to the size and complexity of the overall project, and the need to pre-sale some of the independent living units, the applicant requests an initial 3 year period of validity for the certificate of need.

2013 MAR 15 PM 12 25
PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c):
June, 2013

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

| <u>Phase</u> | DAYS REQUIRED | Anticipated Date (MONTH/YEAR) |
|--|--------------------------|--|
| 1. Architectural and engineering contract signed | 60 | Sept., 2013 |
| 2. Construction documents approved by the Tennessee Department of Health | 180 | Jan., 2014 |
| 3. Construction contract signed | 210 | Feb., 2014 |
| 4. Building permit secured | 270 | April 2014 |
| 5. Site preparation completed | 330 | June, 2014 |
| 6. Building construction commenced | 360 | July, 2014 |
| 7. Construction 40% complete | 540 | Jan., 2015 |
| 8. Construction 80% complete | 720 | July, 2015 |
| 9. Construction 100% complete (approved for occupancy) | 780 | Sept., 2015 |
| 10. *Issuance of license | 840 | Nov., 2015 |
| 11. *Initiation of service | 840 | Nov., 2015 |
| 12. Final Architectural Certification of Payment | 870 | Dec., 2015 |
| 13. Final Project Report Form (HF0055) | 960 | Mar., 2016 |

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

LIST OF ATTACHMENTS

| | |
|---|--|
| Organizational Documentation | <u>Attachment A, 4</u> |
| Management Agreement | <u>Attachment A, 5</u> |
| Warranty Deed | <u>Attachment A, 6</u> |
| Bed Need Calculation, Division of Health Statistics | <u>Attachment B, I, 1</u> |
| PSA Bed Need Calculation | <u>Attachment B, I, 2</u> |
| Plot Plan | <u>Attachment B, III, A</u> |
| Floor Plan | <u>Attachment B, IV</u> |
| PSA Zip Codes and Map | <u>Attachment C, I, Need, 1, (a), 3</u> |
| Map of the Service Area | <u>Attachment C, I, Need, 3</u> |
| Population and Demographics Table | <u>Attachment C, I, Need, 4</u> |
| Utilization Data for Shelby County Nursing Homes | <u>Attachment C, I, Need, 5</u> |
| Architect Letter | <u>Attachment C, II, Economic Feasibility, 1</u> |
| Funding Letters | <u>Attachment C, II, Economic Feasibility, 2</u> |
| Financial Statements | <u>Attachment C, III, Economic Feasibility, 10</u> |
| Health Care Provider Contract List | <u>Attachment C, III, Orderly Development, 1</u> |

**NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS
METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS,
BY COUNTY AND STATE TOTAL, 2015 (Based on 2008 Population Series)**

| COUNTY | TOTAL POP | BED NEED | COUNTY | TOTAL POP | BED NEED | COUNTY | TOTAL POP | BED NEED |
|-----------|--------------|-------------|------------|--------------|-------------|------------|--------------|-------------|
| STATE | 6,530,459 | 44,208 | HAMBLEN | 64,791 | 515 | MORGAN | 21,283 | 141 |
| ANDERSON | 74,902 | 703 | HAMILTON | 321,915 | 2,585 | OBION | 33,061 | 286 |
| BEDFORD | 50,572 | 281 | HANCOCK | 6,861 | 56 | OVERTON | 21,688 | 185 |
| BENTON | 16,903 | 168 | HARDEMAN | 30,941 | 218 | PERRY | 7,907 | 66 |
| BLEDSE | 13,834 | 87 | HARDIN | 27,402 | 241 | PICKETT | 5,182 | 51 |
| BLOUNT | 130,143 | 993 | HAWKINS | 61,143 | 475 | POLK | 16,470 | 140 |
| BRADLEY | 101,828 | 715 | HAYWOOD | 19,949 | 134 | PUTNAM | 74,702 | 581 |
| CAMPBELL | 42,385 | 369 | HENDERSON | 28,626 | 202 | RHEA | 32,625 | 243 |
| CANNON | 14,702 | 100 | HENRY | 33,179 | 313 | ROANE | 55,422 | 491 |
| CARROLL | 30,243 | 288 | HICKMAN | 27,297 | 170 | ROBERTSON | 72,006 | 400 |
| CARTER | 60,462 | 480 | HOUSTON | 8,326 | 72 | RUTHERFORD | 271,112 | 1,184 |
| CHEATHAM | 43,931 | 239 | HUMPHREYS | 19,439 | 160 | SCOTT | 23,918 | 160 |
| CHESTER | 17,322 | 127 | JACKSON | 11,676 | 91 | SEQUATCHIE | 14,579 | 101 |
| CLAIBORNE | 33,143 | 263 | JEFFERSON | 55,523 | 376 | SEVIER | 92,702 | 667 |
| CLAY | 8,295 | 70 | JOHNSON | 19,117 | 172 | SHELBY | 970,591 | 5,162 |
| COCKE | 37,529 | 293 | KNOX | 438,060 | 3,084 | SMITH | 20,817 | 134 |
| COFFEE | 56,357 | 468 | LAKE | 7,386 | 55 | STEWART | 14,723 | 98 |
| CROCKETT | 15,664 | 120 | LAUDERDALE | 29,220 | 201 | SULLIVAN | 154,820 | 1,460 |
| CUMBERLAN | 57,467 | 681 | LAWRENCE | 43,666 | 351 | SUMNER | 169,122 | 1,046 |
| DAVIDSON | 614,222 | 3,740 | LEWIS | 12,537 | 79 | TIPTON | 65,839 | 339 |
| DECATUR | 11,546 | 118 | LINCOLN | 34,796 | 296 | TROUSDALE | 8,547 | 60 |
| DEKALB | 19,901 | 143 | LOUDON | 48,679 | 497 | UNICOI | 17,975 | 174 |
| DICKSON | 51,460 | 320 | MCMINN | 56,094 | 430 | UNION | 21,753 | 131 |
| DYER | 39,682 | 288 | MCNAIRY | 26,722 | 237 | VAN BUREN | 5,561 | 41 |
| FAYETTE | 41,105 | 270 | MACON | 23,975 | 150 | WARREN | 43,453 | 324 |
| FENTRESS | 18,513 | 152 | MADISON | 103,431 | 669 | WASHINGTON | 121,802 | 964 |
| FRANKLIN | 44,115 | 351 | MARION | 28,756 | 214 | WAYNE | 17,736 | 143 |
| GIBSON | 49,637 | 463 | MARSHALL | 32,016 | 197 | WEAKLEY | 34,152 | 261 |
| GILES | 30,559 | 234 | MAURY | 87,283 | 551 | WHITE | 26,103 | 203 |
| GRAINGER | 24,366 | 163 | MEIGS | 12,813 | 78 | WILLIAMSON | 196,824 | 864 |
| GREENE | 69,107 | 585 | MONROE | 49,328 | 365 | WILSON | 119,788 | 661 |
| GRUNDY | 15,165 | 121 | MONTGOMERY | 165,625 | 758 | | | |
| | | | MOORE | 6,564 | 62 | | | |

SOURCE: OFFICE OF HEALTH STATISTICS, DIVISION OF POLICY, PLANNING AND ASSESSMENT,
TENNESSEE DEPARTMENT OF HEALTH.

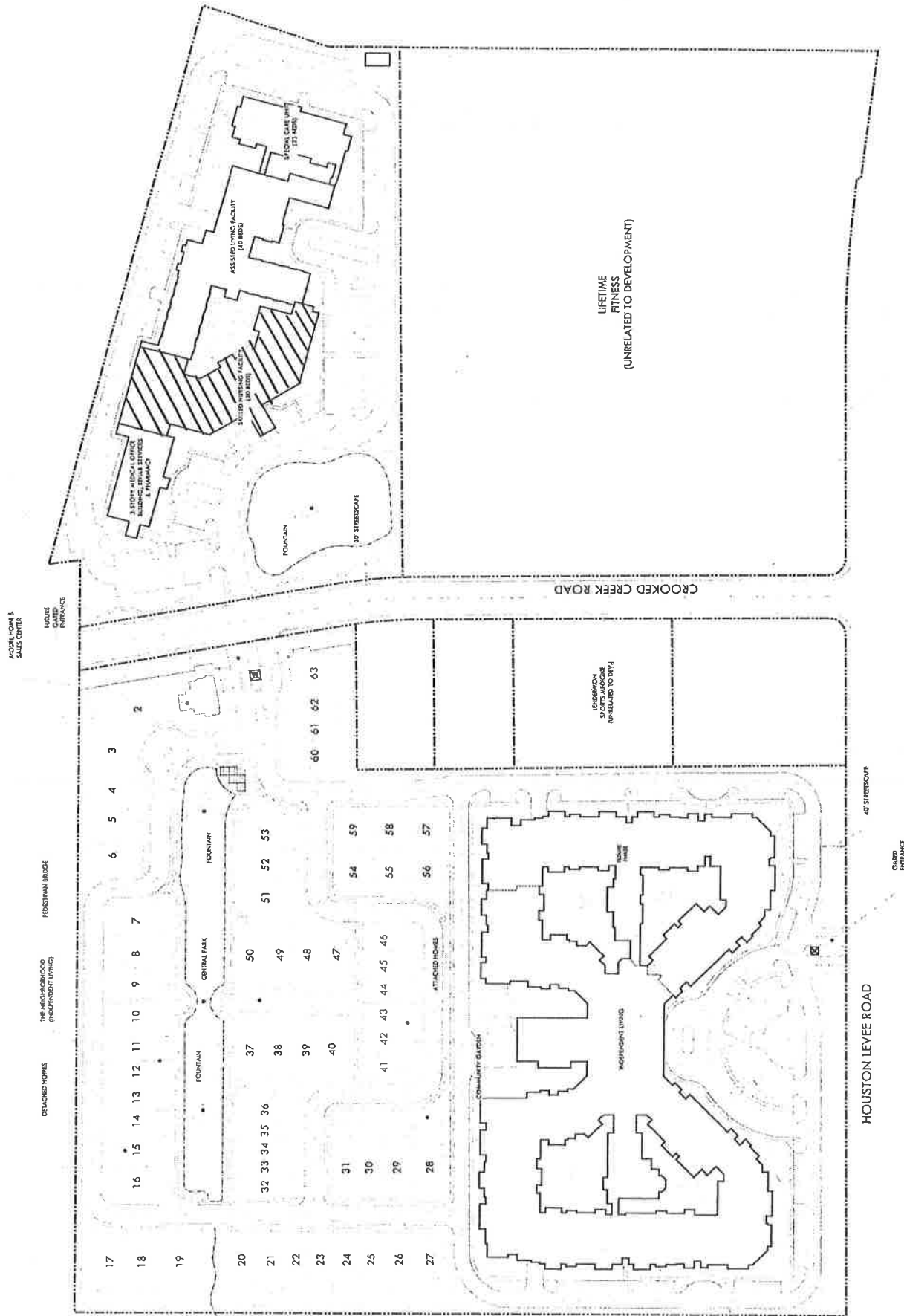
10/26/2012

EXHIBIT 4

PRIMARY MARKET AREA NURSING HOMES

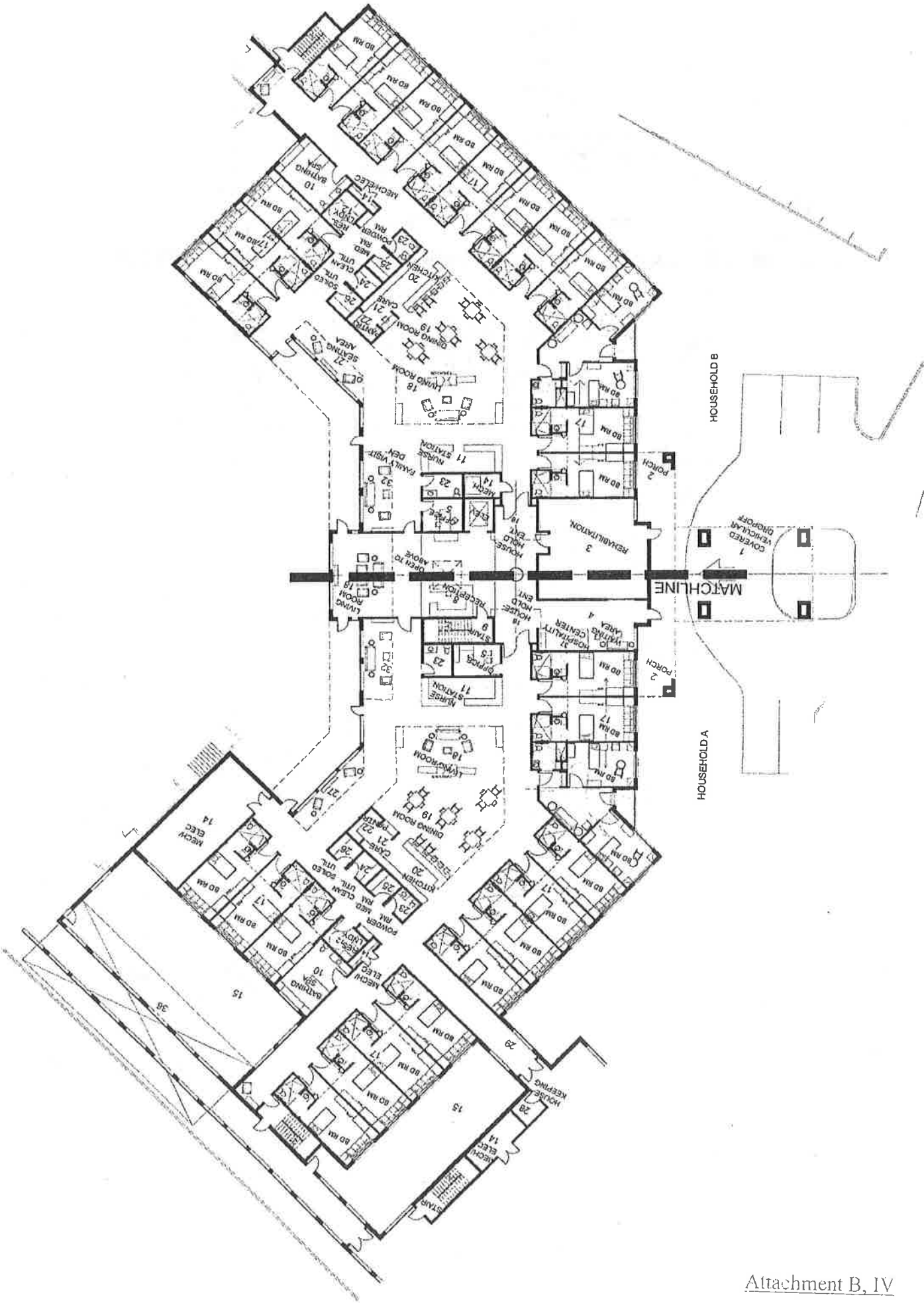
| Facility | Licensed Beds | SNF Beds- Medicare | NF Beds- Medicaid | SNF/NF Beds- Dually Certified | Licensed Only Beds- SNF/ Non- Medicare- Certified ADC | NF-ADC | Licensed Occupancy | |
|---|------------------|-----------------------|----------------------|--|--|--------|-----------------------|-------|
| Applingwood Healthcare Center | 78 | 0 | 0 | 78 | 0 | 15.8 | 51.3 | 86.0% |
| Baptist Skilled Rehabilitation Unit - Germantown | 18 | 18 | 0 | 0 | 0 | N/A | N/A | N/A |
| Dove Health & Rehab Of Collierville | 114 | 0 | 0 | 114 | 0 | 23.8 | 72.1 | 84.1% |
| * Grace Healthcare Of Cordova | 284 | 0 | 70 | 214 | 0 | 192.9 | 43.0 | 83.1% |
| Memphis Jewish Home | 160 | 0 | 0 | 160 | 0 | 44.4 | 77.2 | 76.0% |
| The Village At Germantown | 30 | 30 | 0 | 0 | 0 | 25.7 | 0.0 | 85.6% |
| Totals/Average | 684 | 48 | 70 | 566 | 0 | 302.5 | 243.6 | 82.0% |

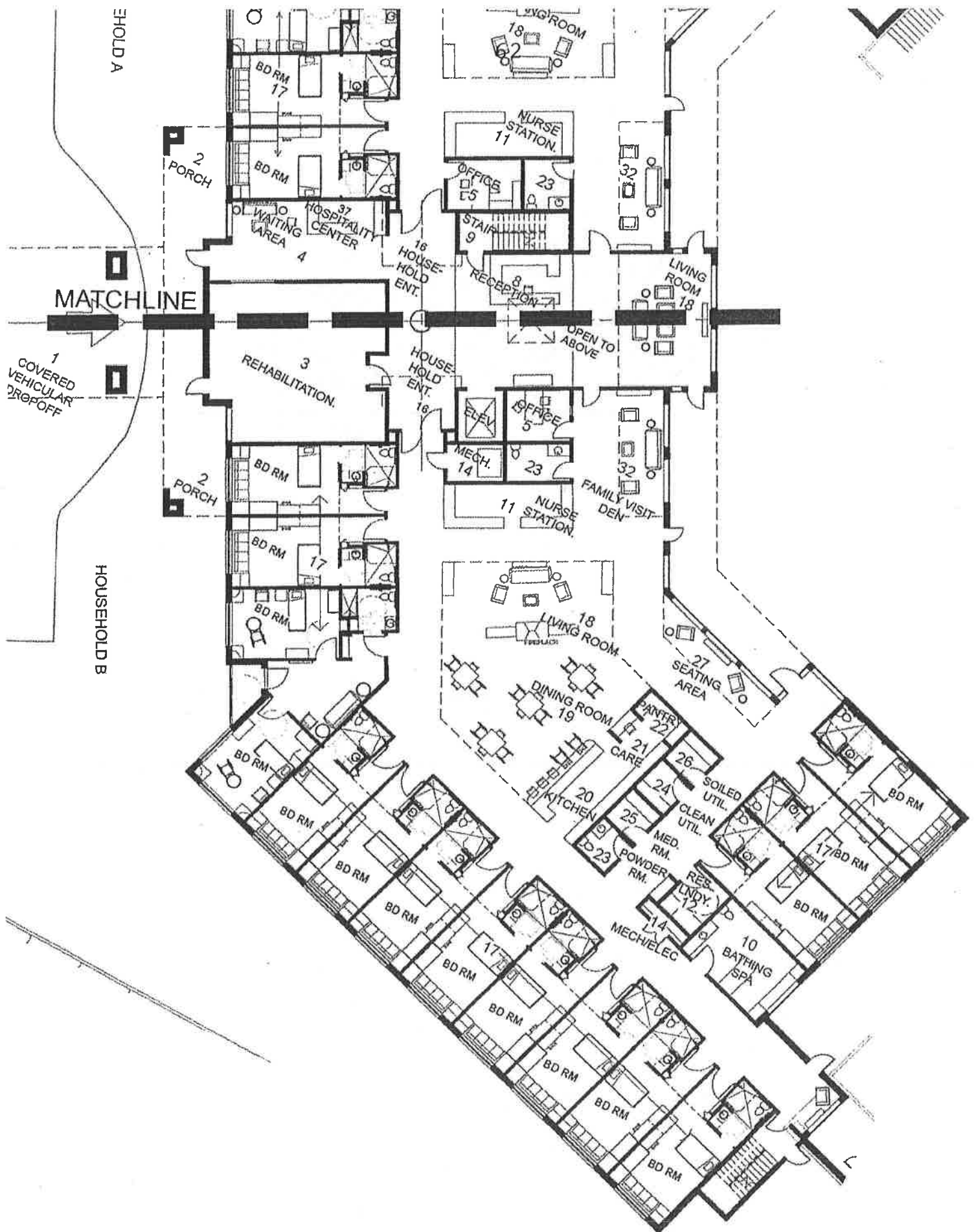
* Numbers for Grace are from 2010 JAR. No 2011 JAR is on file.



Total campus = 26.3 Acres
Health center campus = 9.3 Acres

DEVELOPMENT PLAN





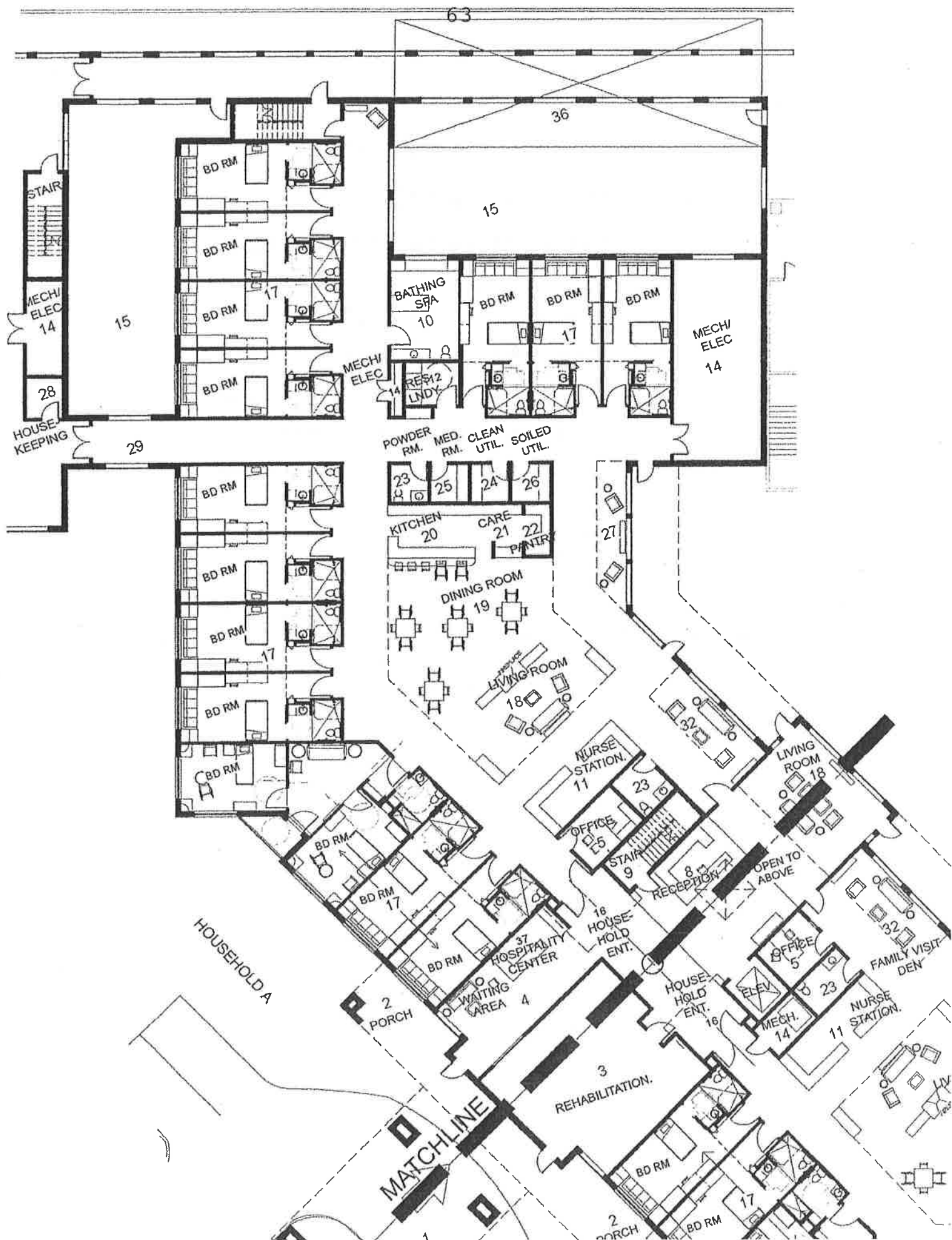


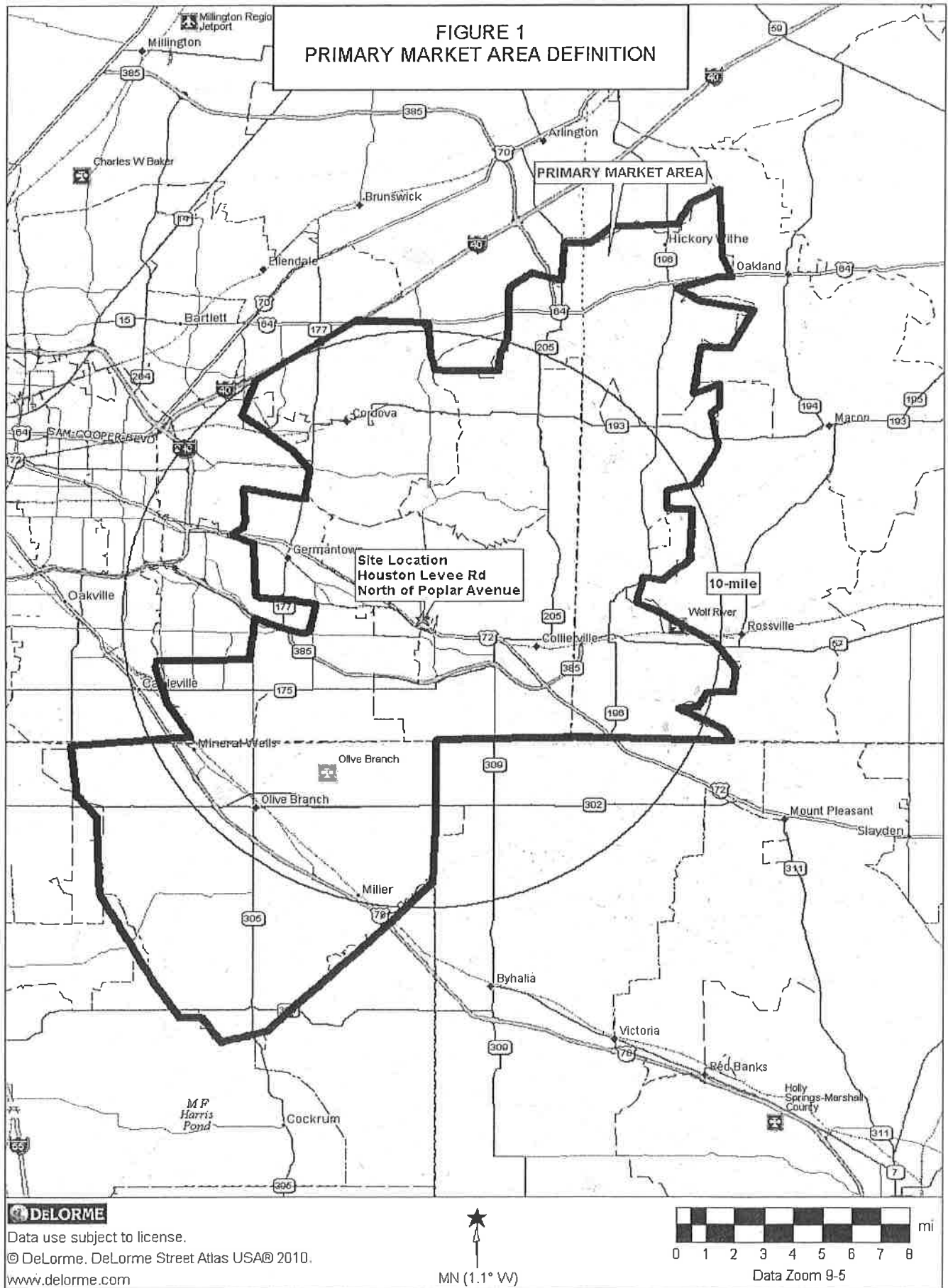
EXHIBIT 1**PRIMARY MARKET AREA****DEFINITION FOR A NEW SENIOR HOUSING****COMMUNITY IN COLLIERVILLE, TENNESSEE**

- 38016 Cordova
- **38017 Collierville***
- 38018 Cordova
- 38027 Collierville
- 38028 Eads
- 38125 Memphis
- 38138 Germantown
- 38139 Germantown
- 38141 Memphis
- 38654 Olive Branch

**** Zip code of subject site location***

Figure 1 presents a map depicting the approximate boundaries of this PMA. MDS has assumed that 65% to 75% of the new unit absorption will come from age and income qualified households residing in this PMA.

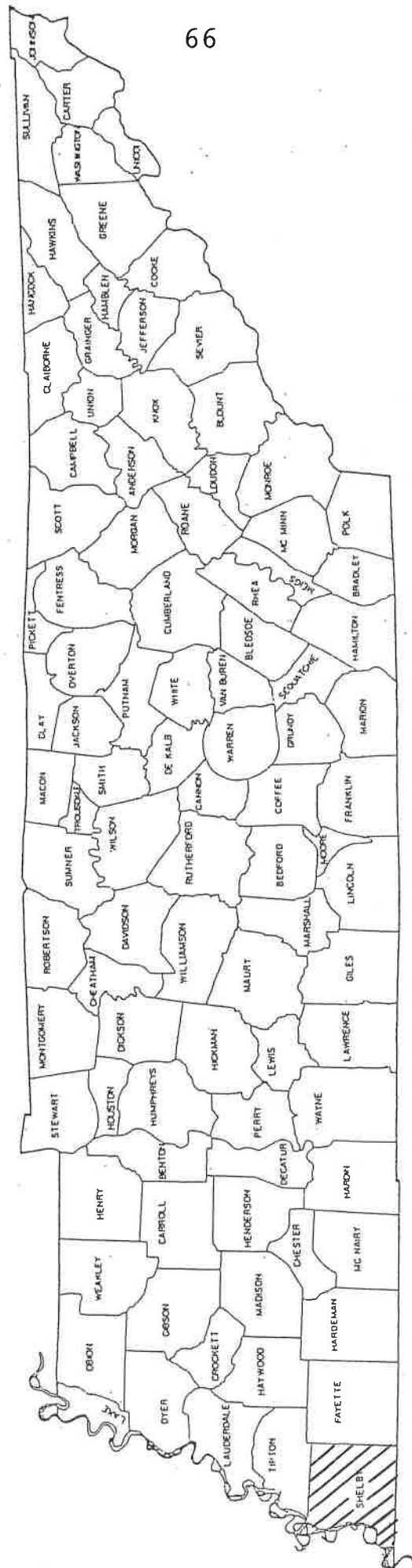
**FIGURE 1
PRIMARY MARKET AREA DEFINITION**



PROPOSED SERVICE AREA

FOR

THE FARMS AT BAILEY STATION SNF



2011 JAR

| Facility | Licensed Beds | SNF Beds- Medicare | NF Beds- Medicaid | SNF/NF Beds- Dually Certified | Licensed Only Beds- Non- Certified | SNF/ Medicare- ADC | NF-ADC | Licensed Occupancy |
|--|---------------|-----------------------|----------------------|--|---|--------------------------|---------------|--------------------|
| Allen Morgan Health and Rehab Center | 104 | 24 | 0 | 0 | 80 | 12.4 | 62.0 | 71.6% |
| Allenbrooke Nursing & Rehab Center | 180 | 0 | 0 | 180 | 0 | 32.3 | 139.9 | 95.7% |
| Applingwood Healthcare Center | 78 | 0 | 0 | 78 | 0 | 15.8 | 51.3 | 86.0% |
| Ashton Place Health & Rehab Center | 211 | 0 | 0 | 211 | 0 | 48.0 | 131.3 | 85.0% |
| Ave Maria Home | 75 | 0 | 0 | 75 | 0 | 4.0 | 66.2 | 93.7% |
| Baptist Memorial Hospital-Memphis SNF | 35 | 35 | 0 | 0 | 0 | 29.0 | 0.0 | 82.9% |
| Bright Glade Health And Rehabilitation Center | 81 | 0 | 0 | 81 | 0 | 17.4 | 52.3 | 86.1% |
| Dove Health & Rehab Of Collierville | 114 | 0 | 0 | 114 | 0 | 23.8 | 72.1 | 84.1% |
| Graceland Nursing Center | 240 | 120 | 120 | 0 | 0 | 63.4 | 146.0 | 87.3% |
| Harbor View (f/k/a Court Manor) | 120 | 0 | 0 | 120 | 0 | 23.8 | 71.6 | 79.5% |
| Kindred Transitional Care (f/k/a Primacy Healthcare) | 120 | 120 | 0 | 0 | 0 | 59.1 | 27.6 | 72.2% |
| Kirby Pines Manor | 120 | 30 | 0 | 0 | 90 | 27.0 | 88.5 | 96.3% |
| Memphis Jewish Home | 160 | 0 | 0 | 160 | 0 | 44.4 | 77.2 | 76.0% |
| Midsouth Health And Rehabilitation Center | 155 | 0 | 0 | 155 | 0 | 20.2 | 59.7 | 51.6% |
| Millington Healthcare Center | 85 | 19 | 0 | 66 | 0 | 19.9 | 57.9 | 91.6% |
| Poplar Point (f/k/a Overton Park) | 169 | 0 | 115 | 54 | 0 | 28.9 | 101.5 | 77.2% |
| Parkway Health And Rehabilitation Center | 120 | 0 | 0 | 120 | 0 | 40.4 | 76.1 | 97.1% |
| Quality Care Center of Memphis | 48 | 0 | 0 | 48 | 0 | 0.5 | 33.0 | 69.9% |
| Quince Nursing And Rehabilitation Center | 188 | 0 | 0 | 188 | 0 | 43.4 | 138.3 | 96.7% |
| Rainbow Health & Rehab Of Memphis | 115 | 0 | 0 | 115 | 0 | 30.8 | 78.1 | 94.7% |
| Signature Healthcare at Saint Francis | 197 | 0 | 0 | 197 | 0 | N/A | N/A | N/A |
| Signature Healthcare at St. Peter Villa | 180 | 0 | 60 | 120 | 0 | 47.4 | 101.8 | 82.9% |
| Signature Healthcare Of Memphis | 140 | 0 | 0 | 140 | 0 | 32.7 | 100.0 | 94.8% |
| Spring Gate Rehabilitation And Healthcare Center | 231 | 0 | 0 | 143 | 88 | 59.7 | 155.6 | 93.2% |
| The Highlands Of Memphis Health & Rehab | 180 | 0 | 0 | 180 | 0 | 33.7 | 117.7 | 84.1% |
| The King's Daughters And Sons Home | 108 | 0 | 0 | 108 | 0 | 27.1 | 76.8 | 96.2% |
| The Village At Germantown | 30 | 30 | 0 | 0 | 0 | 25.7 | 0.0 | 85.6% |
| Whitehaven Community Living Center | 92 | 0 | 0 | 92 | 0 | 15.1 | 67.9 | 90.2% |
| Totals/Average* | 3584 | 378 | 295 | 2745 | 258 | 826.1 | 2150.6 | 83.1% |

* There is no JAR on file in 2011 for the following facilities, which are listed as currently licensed on the web site: Baptist-Germantown SNF; Civic Health and Rehab; Grace Healthcare; Methodist Healthcare SNF. The "Total/Average" does not include beds or days for these facilities.

2010 JAR

| Facility | Licensed Beds | SNF Beds- Medicare | NF Beds- Medicaid | SNF/NF Beds- Dually Certified | Licensed Only Beds- SNF/ Non- Certified | Medicare- ADC | NF-ADC | Licensed Occupancy |
|---|---------------|-----------------------|----------------------|--|--|------------------|---------------|--------------------|
| Allen Morgan Health and Rehab Center | 104 | 16 | 0 | 0 | 84 | 12.3 | 67.3 | 76.5% |
| Allenbrooke Nursing & Rehab Center | 180 | 0 | 0 | 180 | 0 | 33.3 | 135.5 | 93.8% |
| Applingwood Healthcare Center | 78 | 0 | 0 | 78 | 0 | 12.8 | 61.3 | 95.1% |
| Ashton Place Health & Rehab Center | 211 | 0 | 0 | 211 | 0 | 61.0 | 137.9 | 94.3% |
| Ave Maria Home | 75 | 0 | 0 | 75 | 0 | 7.6 | 65.9 | 97.9% |
| Baptist Memorial Hospital- Memphis SNF | 35 | 0 | 0 | 35 | 0 | 28.4 | 0.0 | 81.2% |
| Bright Glade Health And Rehabilitation Center | 81 | 0 | 0 | 81 | 0 | 16.1 | 54.4 | 87.0% |
| Dove Health & Rehab Of Collierville | 114 | 0 | 0 | 114 | 0 | 24.7 | 51.3 | 66.6% |
| Grace Healthcare Of Cordova | 284 | 0 | 70 | 214 | 0 | 192.9 | 43.0 | 83.1% |
| Graceland Nursing Center | 240 | 120 | 120 | 0 | 0 | 72.9 | 152.1 | 93.7% |
| Court Manor (now Harbor View) | 120 | 0 | 0 | 120 | 0 | 14.0 | 50.8 | 54.0% |
| Kirby Pines Manor | 120 | 30 | 0 | 0 | 90 | 27.3 | 83.9 | 92.6% |
| Memphis Jewish Home | 160 | 0 | 0 | 160 | 0 | 61.2 | 72.3 | 83.4% |
| Methodist Healthcare Skilled Nursing Facility | 44 | 44 | 0 | 0 | 0 | 15.0 | 0.0 | 34.1% |
| Midsouth Health And Rehabilitation Center | 155 | 0 | 0 | 155 | 0 | 12.4 | 34.6 | 30.3% |
| Millington Healthcare Center | 85 | 19 | 0 | 66 | 0 | 23.7 | 56.2 | 94.0% |
| Parkway Health And Rehabilitation Center | 120 | 0 | 0 | 120 | 0 | 35.0 | 64.6 | 83.0% |
| Primacy Healthcare Center (now Kindred) | 120 | 120 | 0 | 0 | 0 | 58.2 | 56.4 | 95.5% |
| Overton Park Health Care Center (now Poplar Point) | 169 | 54 | 115 | 0 | 0 | 37.5 | 109.2 | 86.8% |
| Quality Care Center of Memphis | 48 | 0 | 0 | 48 | 0 | 0.5 | 35.2 | 74.3% |
| Quince Nursing And Rehabilitation Center | 188 | 0 | 0 | 188 | 0 | 44.0 | 136.1 | 95.8% |
| Rainbow Health & Rehab Of Memphis | 112 | 0 | 0 | 112 | 0 | 43.6 | 62.6 | 94.8% |
| Signature Healthcare at Saint Francis | 197 | 0 | 0 | 197 | 0 | 107.9 | 91.4 | 101.1% |
| Signature Healthcare at St. Peter Villa | 180 | 0 | 60 | 120 | 0 | 51.6 | 103.4 | 86.1% |
| Signature Healthcare Of Memphis | 140 | 0 | 0 | 140 | 0 | 39.8 | 94.4 | 95.9% |
| Spring Gate Rehabilitation And Healthcare Center | 233 | 0 | 106 | 127 | 0 | 54.3 | 148.0 | 86.8% |
| Wesley Highland Manor (Highlands of Memphis) | 180 | 0 | 0 | 180 | 0 | 28.1 | 118.6 | 81.5% |
| The King's Daughters And Sons Home | 108 | 0 | 0 | 108 | 0 | 27.1 | 79.1 | 98.3% |
| The Village At Germantown | 30 | 30 | 0 | 0 | 0 | 27.4 | 0.0 | 91.3% |
| Whitehaven Community Living Center | 88 | 0 | 0 | 88 | 0 | 17.5 | 65.0 | 93.8% |
| Totals/Average | 3999 | 433 | 471 | 2917 | 174 | 1188.2 | 2230.4 | 85.5% |

2009 JAR

| Facility | Licensed Beds | SNF Beds- Medicare | NF Beds- Medicaid | SNF/NF Beds- Dually Certified | Licensed Only Beds- SNF/ Non- Certified | SNF/ Medicare- ADC | NF-ADC | Licensed Occupancy |
|---|---------------|-----------------------|----------------------|--|--|--------------------------|-------------|--------------------|
| Allen Morgan Health and Rehab Center | 104 | 24 | 0 | 0 | 80 | 12.4 | 62.0 | 71.6% |
| Allenbrooke Nursing & Rehab Center | 180 | 0 | 0 | 180 | 0 | 32.3 | 139.9 | 95.7% |
| Americare Health & Rehab Center | 237 | 0 | 131 | 106 | 0 | 36.1 | 108.1 | 60.8% |
| Applingwood Healthcare Center | 78 | 0 | 0 | 78 | 0 | 15.8 | 51.3 | 86.0% |
| Ashton Place Health & Rehab Center | 211 | 0 | 0 | 211 | 0 | 48.0 | 131.3 | 85.0% |
| Ave Maria Home | 75 | 0 | 0 | 75 | 0 | 4.0 | 66.2 | 93.7% |
| Baptist Memorial Hospital- Memphis SNF | 35 | 35 | 0 | 0 | 0 | 29.0 | 0.0 | 82.9% |
| Bright Glade Health And Rehabilitation Center | 81 | 0 | 0 | 81 | 0 | 17.4 | 52.3 | 86.1% |
| Dove Health & Rehab Of Collierville | 114 | 0 | 0 | 114 | 0 | 23.8 | 72.1 | 84.1% |
| Grace Healthcare Of Cordova | 284 | 0 | 70 | 214 | 0 | 72.1 | 148.4 | 77.7% |
| Graceland Nursing Center | 240 | 120 | 120 | 0 | 0 | 63.4 | 146.0 | 87.3% |
| Court Manor | 120 | 0 | 0 | 120 | 0 | 23.8 | 71.6 | 79.5% |
| Primacy Healthcare & Rehab (Kindred Transitional) | 120 | 120 | 0 | 0 | 0 | 46.8 | 63.1 | 91.6% |
| Kirby Pines Manor | 120 | 30 | 0 | 0 | 90 | 27.0 | 88.5 | 96.3% |
| Memphis Jewish Home | 160 | 0 | 0 | 160 | 0 | 44.4 | 77.2 | 76.0% |
| Midsouth Health And Rehabilitation Center | 155 | 0 | 0 | 155 | 0 | 20.2 | 59.7 | 51.6% |
| Millington Healthcare Center | 85 | 19 | 0 | 66 | 0 | 19.9 | 57.9 | 91.6% |
| Parkway Health And Rehabilitation Center | 120 | 0 | 0 | 120 | 0 | 40.4 | 76.1 | 97.1% |
| Overton Park Healthcare Center (now Poplar Point) | 169 | 0 | 91 | 78 | 0 | 44.8 | 96.1 | 83.4% |
| Quality Care Center of Memphis | 48 | 0 | 0 | 48 | 0 | 0.5 | 33.0 | 69.9% |
| Quince Nursing And Rehabilitation Center | 188 | 0 | 0 | 188 | 0 | 43.4 | 138.3 | 96.7% |
| Rainbow Health & Rehab Of Memphis | 115 | 0 | 0 | 115 | 0 | 30.8 | 78.1 | 94.7% |
| Signature Healthcare at Saint Francis | 197 | 0 | 0 | 197 | 0 | 11.1 | 68.2 | 40.3% |
| Signature Healthcare at St. Peter Villa | 180 | 0 | 60 | 120 | 0 | 47.4 | 101.8 | 82.9% |
| Signature Healthcare Of Memphis | 140 | 0 | 0 | 140 | 0 | 32.7 | 100.0 | 94.8% |
| Spring Gate Rehabilitation And Healthcare Center | 231 | 0 | 0 | 143 | 88 | 59.7 | 155.6 | 93.2% |
| The Highlands Of Memphis Health & Rehab | 180 | 0 | 0 | 180 | 0 | 33.7 | 117.7 | 84.1% |
| The King's Daughters And Sons Home | 108 | 0 | 0 | 108 | 0 | 27.1 | 76.8 | 96.2% |
| The Village At Germantown | 30 | 30 | 0 | 0 | 0 | 25.7 | 0.0 | 85.6% |
| Whitehaven Community Living Center | 92 | 0 | 0 | 92 | 0 | 15.1 | 67.9 | 90.1% |
| Total/Average | 4197 | 378 | 472 | 3089 | 258 | 949 | 2505 | 82.3% |



REES

architecture
planning
interiors

atlanta
baltimore
dallas
houston
indianapolis
mexico city
oklahoma city
san antonio
san francisco
spokane

March 11, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building - 3rd Floor
161 Rosa Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station – Skilled Nursing Home
Certificate of Need Application

Dear Ms. Hill:

This letter is to provide confirmation of the estimated square footage and cost of the skilled nursing home for The Farms at Bailey Station that is the subject of the referenced certificate of need application. The area of the building consists of approximately 31,019 gross square feet and the estimated cost is four million seven hundred thirty nine thousand six hundred and eight dollars (\$4,739,608.00).

To the best of our knowledge and ability, this facility will be designed in compliance with the facility jurisdiction's building codes.

We understand the federal jurisdiction governing this facility, Centers for Medicare and Medicaid Services, has adopted the following regulations:

- NFPA 101 Life Safety Code 2000

We understand the state jurisdiction governing this facility, Tennessee, has adopted the following regulations:

- Bureau of Health Licensure and Regulations
Board for licensing Health Care Facilities
Division of Health Care Facilities
Chapter 1200-08-06 Standards for Nursing Homes November, 2012 Revised

We understand that the local jurisdiction governing this facility, Collierville, Tennessee has adopted the following building codes:

- 2012 International Building Code 2012
- 2012 International Mechanical Code 2012
- 2012 International Fuel Gas Code
- 2012 International Plumbing Code
- 2008 National Electrical Code

Respectfully,
REES Associates, Inc.

Beverly Brandon, AIA, LEED AP
Vice President



BankTennessee
Welcome Home!

March 12, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa Parks Blvd
Nashville, TN 37243

Dear Ms. Hill:

We understand that Luke, Inc. d/b/a The Farms at Bailey Station (FABS) is involved in the development of a 30-bed nursing home in Collierville, TN. and will be seeking construction financing of approximately \$7.3 million at a 5.0% interest rate.

We have banking relationships with Luke, Inc. and Retirement Companies of America, LLC, companies affiliated with FABS and their financings with Bank Tennessee have performed as agreed. Further, our review of their credit histories and financial statements indicate a superior credit worthiness and financial track record.

We have had a chance to review the overall project and our initial impression is favorable. This letter expresses our favorable initial contact with FABS regarding their project and is not a commitment to finance the project. A commitment letter, if forthcoming, would only occur after a comprehensive underwriting and detailed review of the project and then only after our Bank's Board approval.

Sincerely,
BankTennessee

Jim Rout
Chief Executive Officer and President



3535 Kirby Road • Memphis, Tennessee 38115

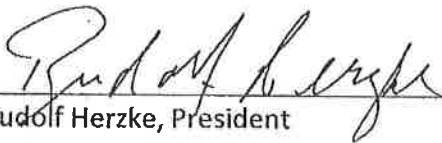
March 14, 2013

To whom it may concern:

In support of Luke, Inc.'s efforts to secure a Certificate of Need, Psalms, Inc. will provide up to \$500,000 if required to meet operating short-falls during the first year of operations.

Psalms, Inc.

By:


Rudolf Herzke, President

73
PSALMS, INC
Statement of Financial Position
As of December 31, 2012

(Unaudited)

ASSETS

Current Assets

| | |
|---|----------------|
| Cash and cash equivalents | \$ 6,898,422 |
| Current assets held by trustee | 248,872 |
| Restricted cash for wait list deposits | 4,383,411 |
| Investments - retirement residential housing bonds - wait list deposits | 2,654,790 |
| Accounts receivable-net | 1,288,024 |
| Other current Assets | <u>339,829</u> |
| Total current assets | 15,813,348 |

| | |
|---|-----------|
| Assets whose use is limited or restricted under indenture agreement - held by trustee | 2,900,000 |
|---|-----------|

| | |
|--|------------|
| Property and equipment-net of accumulated depreciation of \$41,794,080 | 48,083,320 |
|--|------------|

Other Assets

| | |
|---|------------------|
| Bond origination costs and capitalized start-up costs less accumulated amortization | 622,567 |
| Bond discount, less accumulated amortization | 153,267 |
| Accounts receivable - Luke, Inc. | 2,102,071 |
| Cash surrender value - life insurance | <u>1,264,373</u> |

| | |
|---------------------|-----------------------------|
| TOTAL ASSETS | <u>\$ 70,938,946</u> |
|---------------------|-----------------------------|

LIABILITIES & NET ASSETS (DEFICIT)

Current Liabilities

| | |
|---|------------------|
| Accounts payable - trade and construction | \$ 1,720,319 |
| Accrued payroll and other expenses | 1,793,739 |
| Accrued interest payable | 1,819,071 |
| Accrued property taxes | 118,429 |
| Wait-list deposits | 10,828,001 |
| Refundable entrance fees | 1,552,297 |
| Line of credit | 1,436,187 |
| Note Payable | 364,277 |
| Current portion of capital lease obligation | <u>1,180,000</u> |
| Total current liabilities | 20,812,320 |

| | |
|--|------------|
| Capital lease obligations, less current maturities | 26,945,000 |
|--|------------|

| | |
|---------------------------------------|------------|
| Refundable and unearned entrance fees | 41,698,524 |
|---------------------------------------|------------|

| | |
|----------------------|---------------------|
| Net Assets (Deficit) | <u>(18,516,898)</u> |
|----------------------|---------------------|

| | |
|---|-----------------------------|
| TOTAL LIABILITIES AND NET ASSETS (DEFICIT) | <u>\$ 70,938,946</u> |
|---|-----------------------------|

PSALMS, INC.**Statements of Operations and Changes in Net Assets (Deficit)
For the Year Ended December 31, 2012****(Unaudited)****Revenues, Gains and Other Support**

| | |
|---------------------------------|-------------------|
| Independent Living service fees | \$ 12,120,943 |
| Gallory Manor service fees | 6,598,402 |
| Fireside Villa service fees | 689,511 |
| Providence Place service fees | 788,756 |
| Alzheimer service fees | 1,049,487 |
| Personal Support Services | 808,955 |
| Earned entrance fees | 4,646,989 |
| Total resident revenues | <u>26,703,043</u> |

Expenses

| | |
|---|-------------------|
| Administrative and marketing | 3,968,557 |
| Management fees | 1,060,633 |
| Dietary | 2,357,243 |
| Plant and maintenance | 2,917,610 |
| Housekeeping and laundry | 545,036 |
| Security and transportation | 482,308 |
| Activities | 203,158 |
| Resident nurse and personal care expenses | 1,055,027 |
| Gallory Manor expenses | 5,868,000 |
| Fireside Villa expenses | 791,047 |
| Providence Place expenses | 663,287 |
| Alzheimer expenses | 1,329,891 |
| Total expenses | <u>21,241,797</u> |

| | |
|--------------------------------------|------------------|
| Change in Net Assets from Operations | <u>5,461,246</u> |
|--------------------------------------|------------------|

Other Income (Expenses)

| | |
|------------------------------|--------------------|
| Interest Income | 499,950 |
| Other revenues | 172,524 |
| Interest expense | (2,398,420) |
| Depreciation | (2,880,000) |
| Amortization | (55,536) |
| Other expenses | (20,285) |
| Total other income (expense) | <u>(4,681,767)</u> |

| | |
|-----------------------------------|------------|
| Increase (Decrease) in Net Assets | \$ 779,479 |
|-----------------------------------|------------|

| | |
|--|---------------------|
| Unrestricted net assets (deficit) at beginning of period | <u>(19,296,377)</u> |
|--|---------------------|

| | |
|--|------------------------|
| Unrestricted net assets (deficit) at end of period | <u>\$ (18,516,898)</u> |
|--|------------------------|

Healthcare Providers

Rehab Care Group
NCS Healthcare of TN
Your Shared Hands
First Choice Medical Supply
UT Medical Group Inc
Gamma Healthcare Inc
Giles Fire Protection Co Inc
Stericycle
Cynthia Hughes
Radiographics
Preferred Medical
Patterson Medical
Emergency Mobile Health Care, LLC
Touchtown
Wheelchair Express
Walmart Community
Professional Medical Transport
Angela K. Tartera
Don Johnson
Elect Home Care
Beyond This Day
Creative Aging Mid-South
Ecolab Food Safety Specialties
First Call Ambulance Service West
Baptist Home Medical Equipment
Rural/Metro Mid South, L.P.
Diagnostic Imaging
Mid-South Medical & Mobility
Maxim Healthcare Services
Athena Diagnostics, Inc

Copy

Supplemental #1

The Farms at Bailey Station

CN1303-008

2013 MAR 27 AM 9 42

RESPONSES TO SUPPLEMENTAL QUESTIONS**CERTIFICATE OF NEED APPLICATION****FOR****THE FARMS AT BAILEY STATION SNF****Project No. CN1303-008****Shelby County, Tennessee****March 27, 2013****Contact Person:**

**Jerry W. Taylor, Esq.
Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, Tennessee 37219
615-782-2228**

2013 MAR 27 AM 9 42

1. Section A, Section 6

Please provide a brief overview of the Management Company Retirement Companies of America, LLC. Please include their experience in managing a Continuing Care Retirement Community (CCRC).

Retirement Companies of America, ("RCA") has a 32 year track record of success in the planning, development, marketing, and ongoing management of Continuing Care Retirement Communities. RCA has experienced direct involvement in over 1,500 CCRC units serving over 2,200 Residents, from conception through operational management. In addition, RCA has served in a consulting role for approximately 35 Senior Living Communities around the country in various capacities of development, marketing, and management. The current President and Owner of RCA was one of the original Founders 32 years ago.

The applicant management agreement is dated April 11, 2005. Please provide a recently dated management agreement.

Please see the language in the "Background" section of the Management Agreement (page 1). The term of the agreement commences upon the opening of the community. The initial term is 10 years from the date of opening, with options for extension beyond that.

2. Section B, Project Description, Item 1

The applicant states Phase I includes a 30 beds SNF, 164 independent living homes and 63 assisted living units. Please indicate if these facilities will be under one roof or will they be built separately. What types of services will be shared with the proposed project?

The SNF and assisted living units will be under one roof, although separated by doors and walls. The independent living units will be separated from the health care center building under different roofs. Please see the site plan submitted with the application.

There are many operational economies that occur on a CCRC campus. Administrative duties, Housekeeping & Laundry services, and Food and Beverage are departments that share services. IT support, security, grounds, purchasing are also shared services.

Please describe the structure that will house the proposed SNF facility.

The FBSSNF will occupy a single ground floor area consisting of approximately 31,019 gross square feet of space. It will be in a structure which will have the assisted living units immediately contiguous, located on the southeast quadrant of the larger Bailey Station campus. All 30 patient rooms will be private rooms and each will include a private rest room and lavatory. The patient rooms will consist of 10,920 square feet of total space.

The FBSSNF will also include 846 square feet of rehab/therapy space. In addition to the patient care areas, the facility will have ample space for resident relaxation, circulation and family visitation.

The SNF and assisted living units will be under one roof, although separated by doors and walls. The independent living units will be separated from the health care center building under different roofs. Please see the site plan submitted with the application.

Please describe the structures and services that are currently in operation at the Farms at Bailey Station.

There currently is a model independent living home on the site. No services are being provided there now, except for marketing tours.

When does the applicant project Phase II to be completed?

The completion of Phase II of the total project (the last of the independent living units) will likely be 4-5 years in the future.

How many residents will be on campus at the end of the proposed SNF project, Phase I and Phase II?

The total number of patients and residents is projected to be:

| <u>Phase 1</u> | <u>Phase II</u> |
|----------------|---|
| IL 277 | IL 466 |
| AL 63 | AL 63 |
| SNF 30* | SNF 60 (assuming a subsequent CON is granted) |

*Depending on the timing, and assuming both this and a subsequent CON are approved, the entire 60 beds could be completed within Phase I.

Please indicate if there will be a three story medical office building on campus. Please clarify if UT Medical Group will staff the medical office building.

There will be a 3 story MOB immediately adjacent to the SNF and ACLF building. The UT Medical Group would only be a tenant in the MOB. Its physicians will not staff the SNF

Who is eligible for residence at The Farms at Bailey Station?

The Farms is a CCRC offering several Lifecare contract options, and eligibility may differ depending on the type of contract involved. Generally speaking, prospective Lifecare residents will be relatively healthy and capable of living independently, as well as meet the financial requirements based on their unit selection and contract type.

Will residents be owning or leasing independent living units? How many units have been pre-sold or leased?

Residents will have the ability to choose from 3 different types of contracts, 2 of which will have a refundable entrance fee option. The 501(c)3 community maintains ownership of the property. A Lifecare agreement could be considered a "life lease" (non-transferable). Thirty units have been pre-leased.

If a resident moves in to the proposed SNF nursing home, what happens to their current living arrangement?

A distinction should be made between temporary and permanent transfers. In the event of a temporary transfer, after the end of stay in the care facility, the resident generally is entitled to move back into the residential unit originally occupied. Temporary transfers for health reasons usually are to the skilled nursing facility which may occur after a fall or short term illness.

A transfer is not deemed to be a permanent transfer until after consultations with administration, the Medical Director, the resident's personal physician, and the resident's family members over a period of time. Once a transfer is made permanent the resident's IL unit can be made available to market.

What percentage of the one-time entrance fee and monthly maintenance fees subsidize the proposed nursing home?

The specific percentage in any individual case, or in the aggregate, is not readily ascertainable. The revenues from the entrance and maintenance fees go into the revenue stream of the community and a portion of that revenue stream is used to subsidize the cost of operations and debt service on the SNF.

Will individuals who reside at The Farms of Bailey Station be given priority status over a private pay non-resident in admissions to the proposed SNF nursing home?

Yes, a resident of the community would be given priority over a non-resident if and to the extent both were seeking admission to the same bed. The nursing facility will be filled initially from residents outside of the CCRC. As residents age in place and move through the continuum a larger portion of nursing residents will come from within the CCRC. Management constantly monitors and assesses the needs of the residents to ensure census is maintained and a place in the continuum is available if needed.

What is the difference between a "no buy-in" and a "no entrance fee" facility as it relates to the proposed project?

A CCRC with Lifecare differs from a "no entrance fee" facility because a Lifecare community contract says the CCRC will provide the resident with housing, residential and health related services for life. Also the cost to the resident stays fairly constant as the resident moves through the continuum, as opposed to having to pay much higher costs on a fee-for-service basis.

Please indicate which nursing homes do not have JARs on file for 2011.

Baptist Skilled Rehab Unit - Germantown
Civic Health and Rehab Center
Grace Healthcare of Cordova
Methodist Healthcare Skilled Nursing Facility

Signature Healthcare at St. Francis

How long ago was the property purchased for the proposed project?

September 22, 2006.

3. Section B, Project Description, Item III.B.

Please describe the relationship of the proposed site to any Highway or Interstate system.

The Farms at Bailey Station is approximately 2.5 miles directly down Houston Levee from Highway 385(Bill Morris Parkway) and approximately 11.6 miles from I-240.

4. Section C, Need Item 1

Please discuss how the proposed project will relate to the "5 Principles for Achieving Better Health found in the State Health Plan."

Five Principles for Achieving Better Health from the Tennessee State Health Plan:

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

The FBSSNF will provide quality health care services to its patients and residents and therefore furthers this goal.

2. Access to Care

Every citizen should have reasonable access to health care.

The FBSSNF will provide an additional care option for seniors needing skilled nursing care and therefore furthers this goal.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

The FBSSNF will not participate in TennCare, so no state funding will be involved in this project. The owner and management company have experience in operating a successful CCRC (Kirby Pines Manor) for over 20 years, and this facility will likewise be economically efficient.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

Licensure by the Department of Health will ensure monitoring by the State of Tennessee and compliance with quality standards by the facility.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

This project will result in the creation of new jobs. This includes approximately 17 full time equivalent nursing positions in Year 1, as well as other clerical and administrative staff.

[End of Responses to "Five Principles for Achieving Better Health."]

5. Section C. Need, 1.a., Specific Criteria, Item 3

Please discuss how the Long-term Care Community Choices Act of 2008 has impacted nursing home utilization rates in Shelby County for years 2009, 2010, and 2011. The Long-term Care Community Choices Act of 2008 allows TennCare to pay for more community and home-based services for seniors such as household assistance, home delivered meals, personal hygiene assistance, adult day care centers and respite.

As seen from the data reflected in the response to Question 8, overall; occupancy in Shelby County nursing facilities increased by 2% between 2009-2010, and then dropped by 4% from 2010-2011. So the change between 2009-2011 was -2%.

The LTCCCA could have contributed to the overall decrease, but it would be speculation to attribute all or any specific portion of this to the LTCCCA.

6. Section C, Need, 1.a., Specific Criteria, Item 6.B.2.

Please indicate if the Regional Quality Assurance administrator has identified any nursing home in the proposed service area as consistently non-complying with quality assurance regulations.

We were not able to determine whether this is the case. Attempts to reach the Regional Administrator for West Tennessee were unsuccessful.

According to the Department of Health web site, Dove Health and Rehab was issued a suspension of admission effective May 8, 2008.

According to the State of Tennessee web site, Civic Health and Rehab had a suspension of admission ordered by the Department of Health effective October 8, 2012. Civic was de-certified for Medicare and Medicaid effective October 9, 2012. It is our understating all patients have been transferred out of the facility.

7. Section C, Need, Item 2

At approximately what time does the applicant expect to add an additional 30 nursing home beds for a total of 60 beds?

This has not been definitively determined, but probably 6-9 months following the approval of this application, if it is approved.

8. Section C, Need, Item 6

Please complete the following table for all licensed nursing homes located in Shelby County:

A table with the requested data is attached on the following page.

| Nursing Home | 2012 Lic.'d Beds | 2009 Patient Days | 2010 Patient Days | 2011 Patient Days | '09- '11 % Change | 2009 % Occ. | 2010 % Occ. | 2011 % Occ. |
|--------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Total | | | | | | | | |

The applicant notes a large hospital less than five (5) miles from the proposed site. Please identify the hospital.

Baptist Memorial Hospital, 1500 West Poplar Collierville, TN is 1.1 mile from The Farms at Bailey Station and Methodist Le Bonheur Germantown Hospital, 7691 Poplar Germantown, TN is approximately 5.1 miles from the site.

| | 2012 Lic.'d Beds | 2009 Pat. Days | 2010 Days | Pat. 2011 Pat. Days | '09- '11 % Change | 2009 % Occ. | 2010 % Occ. | 2011 % Occ. |
|--|---------------------|-------------------|--------------|------------------------|----------------------|----------------|----------------|----------------|
| Nursing Home | | | | | | | | |
| Allen Morgan Health and Rehab Center | 104 | 28443 | 29053 | 27178 | -4.4% | 74.9% | 76.5% | 71.6% |
| Allenbrooke Nursing & Rehab Center | 180 | 61566 | 61632 | 62846 | 2.1% | 93.7% | 93.8% | 95.7% |
| Applingwood Healthcare Center | 78 | 25959 | 27076 | 24486 | -5.7% | 91.2% | 95.1% | 86.0% |
| Ashton Place Health & Rehab Center | 211 | 72948 | 72619 | 65464 | -10.3% | 94.7% | 94.3% | 85.0% |
| Ave Maria Home | 75 | 25917 | 26796 | 25652 | -1.0% | 94.7% | 97.9% | 93.7% |
| Baptist Memorial Hospital-Memphis SNF | 35 | 8647 | 10378 | 10590 | 22.5% | 67.7% | 81.2% | 82.9% |
| Baptist Skilled Rehab Unit - Germantown | 18 | NR | NR | NR | NR | NR | NR | NR |
| Bright Glade Health And Rehabilitation Center | 77 | 26264 | 25709 | 25451 | -3.1% | 93.4% | 91.5% | 90.6% |
| Civic Health & Rehab Center | 147 | NR | NR | NR | NR | NR | NR | NR |
| Dove Health & Rehab Of Collierville | 114 | 11038 | 27733 | 34996 | 217.1% | 26.5% | 66.6% | 84.1% |
| Grace Healthcare of Cordova | 284 | 80505 | 86103 | NR | N/A | 77.7% | 83.1% | N/A |
| Graceland Nursing Center | 240 | 83676 | 82117 | 76445 | -8.6% | 95.5% | 93.7% | 87.3% |
| Harbor View (f/k/a Court Manor) | 120 | 24682 | 23637 | 34815 | 41.1% | 56.4% | 54.0% | 79.5% |
| Kindred Transitional Care (f/k/a Primacy Healthcare) | 120 | 40117 | 41826 | 31637 | -21.1% | 91.6% | 95.5% | 72.2% |
| Kirby Pines Manor | 120 | 41741 | 40578 | 42160 | 1.0% | 95.3% | 92.6% | 96.3% |
| Memphis Jewish Home | 160 | 54271 | 48726 | 44394 | -18.2% | 92.9% | 83.4% | 76.0% |
| Methodist Healthcare Skilled Nursing Facility | 44 | 6128 | 5472 | NR | N/A | 38.2% | 34.1% | N/A |
| Midsouth Health And Rehabilitation Center | 155 | 52466 | 17147 | 29172 | -44.4% | 92.7% | 30.3% | 51.6% |
| Millington Healthcare Center | 85 | 27186 | 29170 | 28410 | 4.5% | 87.6% | 94.0% | 91.6% |
| Poplar Point (f/k/a Overton Park) | 169 | 51418 | 53543 | 47604 | -7.4% | 83.4% | 86.8% | 77.2% |
| Parkway Health And Rehabilitation Center | 120 | 42590 | 36359 | 42549 | -0.1% | 97.2% | 83.0% | 97.1% |
| Quality Care Center of Memphis | 48 | 13288 | 13026 | 12244 | -7.9% | 75.8% | 74.3% | 69.9% |
| Quince Nursing And Rehabilitation Center | 188 | 66004 | 65719 | 66343 | 0.5% | 96.2% | 95.8% | 96.7% |
| Rainbow Health & Rehab Of Memphis | 115 | 30269 | 38767 | 39763 | 31.4% | 72.1% | 92.4% | 94.7% |
| Signature Healthcare at Saint Francis | 197 | 28965 | 72715 | NR | N/A | 40.3% | 101.1% | N/A |
| Signature Healthcare at St. Peter Villa | 180 | 62792 | 56578 | 54445 | -13.3% | 95.6% | 86.1% | 82.9% |

March 27, 2013

9:41am

| | | | | | | | | |
|---|-------------|----------------|----------------|----------------|---------------|--------------|--------------|--------------|
| Signature Healthcare Of Memphis | 140 | 47157 | 49005 | 48440 | 2.7% | 92.3% | 95.9% | 94.8% |
| Spring Gate Rehabilitation And Healthcare Center | 233 | 71473 | 73826 | 78591 | 10.0% | 84.0% | 86.8% | 92.4% |
| The Highlands Of Memphis Health & Rehab | 180 | 53824 | 53561 | 55265 | 2.7% | 81.9% | 81.5% | 84.1% |
| The King's Daughters And Sons Home | 108 | 38873 | 38768 | 37908 | -2.5% | 98.6% | 98.3% | 96.2% |
| The Village At Germantown | 30 | 10011 | 10002 | 9371 | -6.4% | 91.4% | 91.3% | 85.6% |
| Whitehaven Community Living Center | 92 | 29249 | 30136 | 30268 | 3.5% | 87.1% | 89.7% | 90.1% |
| TOTAL | 4075 | 1217467 | 1247777 | 1086487 | -10.8% | 85.1% | 87.4% | 83.1% |

Source: Joint Annual Reports and Div. of Health Care Facilities Web Site

Notes: "NR" means no JAR is on file on the web site for that year. "N/A" means the calculation is not available due to no patient days being reported. The Total beds column includes the beds for facilities which did not file JARs for one or more years. Those beds are excluded from the occupancy calculations for the year(s) for which no days were reported on the JARs.

9. Section C, Economic Feasibility, Item 1

The letter from the proposed project is noted. Please indicate if the proposed project construction will be designed to the requirements of the 2010 edition of the Guidelines for the Design and Construction of Health Care facilities.

Yes. As noted in the project architect's letter submitted with the application, the applicable standards include those of the Board for Licensing Health Care Facilities, Rule 1200-8-6. Within this Rule is referenced the 2010 edition of the Guidelines for the Design and Construction of Health Care Facilities.

Since the proposed project is located in the New Madrid Fault System, is the proposed building being designed in a way to minimize possible earthquake damage?

Yes. Please see the attached letter from the project architect.

March 27, 2013

9:41am



REES

architecture
planning
interiorsatlanta
baltimore
dallas
houston
indianapolis
mexico city
oklahoma city
san antonio
san francisco
spokane

March 22, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building - 3rd Floor
161 Rosa Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station – Skilled Nursing Home
Certificate of Need Application – Earthquake Standards

Dear Ms. Hill:

When The Farms at Bailey Station's Skilled Nursing Home is designed, our Design Team will use the 2012 International Building Code, the building code approved by Collierville, Tennessee where the project will be built. This code, specifically Section 1613 – Earthquake Loads, provides the structural standards for buildings designed to resist the effects of earthquake motion in this area. Our structural engineer to the best of their ability and knowledge will design the structure for the nursing home using these requirements.

Respectfully,
REES Associates, Inc.

Beverly Brandon, AIA, LEED AP
Vice President

10. Section C, Economic Feasibility, Item 2 (Funding)

The letter dated March 12, 2013 from Bank/Tennessee regarding funding is noted. Please submit a letter that also includes the anticipated term of the loan or any restrictions or conditions.

Please see attached letter from Bank Tennessee.

March 27, 2013

9:41am



BankTennessee
Welcome Home!

March 22, 2013

Mr. Phillip Earhart
Health Services Development Examiner
Tennessee Health Services Development and Development Agency
Frost Building, 3rd Floor
Nashville Tennessee 37243

Re: The Farms at Bailey Station

Dear Mr. Earhart:

I have been requested to respond to question 10 in your letter to Mr. Taylor dated March 20, 2013. The interim financing for this project, addressed in my letter to Ms. Hill of March 12, 2013, contemplates an interest rate of 5%, and the term of the loan being two years. The restrictions and conditions are that a final certificate of need be granted for the project, and that the parties reach mutually agreeable final terms of the loan. Please let me know if you have additional questions.

Sincerely,
BankTennessee

Jim Rout
Chief Executive Officer and President

Please briefly discuss the relationship of the applicant to Psalms, Inc.

Both Luke, Inc. and Psalms, Inc. are Tennessee non-for-profit companies with section 501(c)(3) tax exempt status. The corporate officers of Psalms, Inc. and Luke, Inc. are identical, and there is one common board member. Both Kirby Pines Manor (owned by Psalms, Inc.) and The Farms at Bailey Station (owned by Luke, Inc.) are/will be managed by Retirement Companies of America, LLC, a Tennessee limited liability company.

11. Section C, Economic Feasibility, Item 4. (Projected Data Chart).

The applicant has assigned no provisions for Charity Care and \$2,400 for Provisions for Bad Debt. Since the applicant will accept patients from the community, please discuss the reason why there are no provisions for charity care and minimal amount assigned for bad debt.

The Farms at Bailey Station is a 501(c)(3) organization. The industry norm for start-up, not-for-profit CCRC's is for the 501(c)(3) organization to develop a Foundation which serves as the principle charitable arm for the community. As the Community ages and matures, donations from residents and their family allow the Foundation the opportunity to provide financial assistance for residents who experience hardship for reasons beyond their control, without the funding coming out of the operating budget of the facility. Therefore, no expense for charity care is reflected on the financial projections.

The applicant projects 7,665 patient days in Year One of the proposed project. Please indicate the percentage of patient days that are projected to come from within The Farms at Bailey Station and from outside The Farms at Bailey Station in Year One.

The projection is 92 days in year 1 and 824 patient days in year 2 will be from within the community.

12. Section C, Economic Feasibility, Item 7

Please verify the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental; Health and Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The applicant verifies it has reviewed and understands the licensure requirements of the Department of Health and/or any applicable Medicare requirements.

The proposed project will be related to Kirby Pines, a 120 bed SNF CCRC, by common management through Retirement Companies of America. Please provide a copy of Kirby Pines most recent Department of Health survey.

A copy of the most recent survey findings and the letter from the Department of Health accepting the Plan of Correction are attached.

13. Proof of Publication

Please attach the full page of the newspaper in which the notice of intent appeared with the mast and deadline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

The Publisher's Affidavit is attached.



State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 Highway 45 Bypass, Suite C.
Jackson, TN 38305
Telephone: (731) 984-9684
Fax: (731) 512-0063

January 22, 2013

Ms. Annette Marlar, Administrator
Kirby Pines Manor
3535 Kirby Road
Memphis, TN 38113

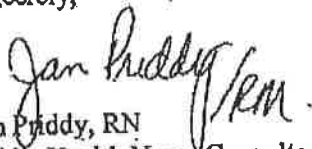
RE: Compliance Notice
Recertification Survey
CCN 44-5189

Dear Ms. Marlar:

West Tennessee Regional Office of Health Care Facilities conducted a recertification survey at your facility on **December 17-19, 2012**. Based on a review of your plan of correction for deficiencies cited, we are accepting your plan of correction and assume your facility is in compliance with all participation requirements as of 01/18/2013. This office is recommending recertification in the Medicare and/or Medicaid program.

If you have any questions, please feel free to contact this office.

Sincerely,


Jan Paddy, RN
Public Health Nurse Consultant 2

JP/rm

Medicare.gov

The Official U.S. Government Site for Medicare

Survey Report[Return to previous page](#) [Print this Survey Report to PDF](#)

| DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES | | PRINTED: 2/21/2013 FORM APPROVED OMB NO. 0938-0391 | |
|---|--|--|---|
| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | STREET ADDRESS, CITY, STATE, ZIP 1535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | |
| (X4) ID PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | |
| F0514 | <p>Keep accurate, complete and organized clinical records on each resident that meet professional standards.</p> <p>**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**</p> <p>Based on medical record review, observation and interview, it was determined the facility failed to ensure the accuracy of documentation in the medical record for 1 of 34 (Resident #87) sampled residents include in the stage 2 review.</p> <p>The findings included:</p> <p>Medical record review for Resident #87 documented an admission date of [DATE] with [DIAGNOSES REDACTED], [REDACTED], [left] foot (symbol for with) soap & [and] H2O [water]. Gently pat dry. Apply TAO (triple antibiotic ointment) & gauze. Wrap (symbol for with) Kerlix (symbol for change) daily and pm [as needed] til [until] resolved..." Review of the physician's progress note dated 12/15/12 documented, "L great toe excised- wound?... Amputation R [right] great toe..." Review of the "RESIDENT-DATA COLLECTION" form dated 12/14/12 documented, "Left great toe removed."</p> <p>Observations in Resident #87's room on 12/17/12 at 3:12 PM, revealed Resident #87 seated on the bedside fully dressed with no shoes or socks on. Resident #87's left foot was bandaged from the end of his toes to his ankle with his heel exposed. Resident #87 stated, "I had a bad toe... I found out I had diabetes... They had to take that [left] big toe off... I don't have any problem with the right one..."</p> <p>Observations in Resident #87's room on 12/18/12 at 4:25 PM, revealed Resident #87 was seated in a wheelchair in his room fully dressed with no shoes on. Resident #87's left foot was bandaged and his right foot was covered with a slipper sock. Resident #87 stated, "...I don't have any problems with my right foot..."</p> <p>Observations in Resident #87's room on 12/19/12 9:05 AM, revealed Resident #87 was seated in a wheelchair fully dressed. Resident #87 had a strap on shoe and a bandage on his left foot and a shoe and sock on his right foot. Resident #87 denied pain or discomfort in right foot and toe. Nurse #3 came into Resident #87's room at 9:13 AM and removed Resident #87's right shoe and sock at the surveyor's request. There was no visible abnormalities of Resident #87's right foot or toes.</p> <p>During an interview at the C Wing nurses' station on 12/18/12 at 5:13 PM, Nurse #2 stated, "...He [Resident #87] doesn't have a laceration or amputation of the right great toe... It is the left great toe."</p> <p>During an interview at the C Wing nurses' station on 12/19/12 at 9:16 AM, Nurse #3 was asked if Resident #87 had his right toe amputated or had any problems with his right toe. Nurse #3 stated, "No... It is definitely his left great toe... He hasn't had any problem with his right great toe."</p> | | |
| F0441 | Have a program that investigates, controls and keeps infection from spreading. | | |
| LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | | TITLE (X6) DATE | |
| <p>Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.</p> | | | |
| FORM CMS-2567(02-99) Previous Versions Obsolete | | Event ID: Y1J011 Facility ID: 445189 If continuation sheet Page 1 of 7 | |

[Back To Top](#)

| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
|--|---|--|--|--|
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | | STREET ADDRESS, CITY, STATE, ZIP 3535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | | |
| (X4) ID PREFIX TAG F0441 | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | | |
| | (continued... from page 1) | | | |
| | <p>Based on policy review, observation, and interview, it was determined the facility failed to ensure practices to prevent the potential spread of infection was maintained when 2 of 2 (Nurse #2 and 5) nurses failed to disinfect clean the glucometer machines.</p> <p>The findings included:</p> <ol style="list-style-type: none">1. Review of the facility's "Glucometer Policy and Procedure" policy documented, "...Each glucometer should be wiped with an appropriate wipe to remove any visible signs of soiling then wiped with a second wipe for disinfection: allow to air dry then replace in storage bag..."2. Observations in Resident #87's room on 12/18/12 at 5:45 PM, Nurse #2 removed a glucometer in a case from the medication cart. Nurse #2 entered Resident #87's room and performed a fingerstick to check Resident #87's blood sugar level. After the fingerstick Nurse #2 placed the glucometer inside the case and returned to the medication cart. Nurse #2 removed the glucometer from the case and cleaned it with an alcohol pad. <p>During an interview at the C wing nurses' station on 12/18/12 at 5:47 PM, Nurse #2 was asked what was used to clean the glucometer. Nurse #2 stated, "I used this alcohol pad. We did have another kind of wipe, but I guess either one is okay."</p> <ol style="list-style-type: none">3. Observations in Resident #19's room on 12/19/12 at 4:30 PM, Nurse #5 removed a glucometer in a case from the medication cart. Nurse #5 entered Resident #19's room and placed the glucometer in the case on the overbed table. Nurse #5 cleaned the glucometer with an alcohol pad then placed the glucometer back in the case. Nurse #5 performed the fingerstick to check Resident #19's blood sugar level then placed the glucometer inside the case and back into the medication cart. <p>During an interview in the C wing hallway on 12/19/12 at 4:45 PM, Nurse #5 was asked what was used to clean the glucometer machine. Nurse #5 stated, "Other places I've worked have used a bleach wipe to clean the machine. Here they just use alcohol I guess."</p> <ol style="list-style-type: none">4. During an interview in the Administrator's office in 12/19/12 at 5:50 PM, the Director of Nursing (DON) was asked what was the appropriate wipe to clean a glucometer machine. The DON stated, "A sanit wipe is what should be used. It is a disinfectant wipe... Alcohol is not the appropriate wipe." | | | |
| F0371 | Store, cook, and serve food in a safe and clean way. | | | |
| | <p>Based on policy review, review of cooler temperature logs, observation and interview, it was determined the facility failed to ensure food was stored, prepared and served under sanitary conditions as evidenced by dietary staff not wearing hair covers, dirty kitchen equipment, dirty dry food storage containers, and cooler #4's temperature was not maintained at 41 degrees or below during 3 of 3 (12/17/12, 12/18/12, and 12/19/12) days of observations. Pureed fish on the steam table was not maintained at or above 135 degrees Fahrenheit (F) during observations of food temperatures.</p> | | | |

FORM CMS-2567(02-99) Previous Versions Obsolete Event ID: Y11011 Facility ID: 445189 If continuation sheet Page 2 of 7

[Back To Top](#)

| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
|---|--|--|--|--|
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | | STREET ADDRESS, CITY, STATE, ZIP 3535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | | |
| (X4) ID PREFIX TAG F 0371 | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | | |
| (continued... from page 2) | | | | |
| The findings included: | | | | |
| <p>1. Review of the facility's "...GENERAL DRESS CODE GUIDELINES..." policy documented, "...It is the responsibility of the specific department head to monitor and maintain the dress code as a part of the conduct expected of the employee... When hair coverings are required, the covering must cover the entire head and do not include caps or hats..."</p> <p>Observations of food preparation revealed employees with their hair not covered as followed:</p> <p>a. On 12/17/12 at 9:53 AM, the Dietary Manager (DM) was wearing a hat with all the hair not being covered. At 2:41 PM, dietary staff member #4 had hair hanging out of both sides of her hairnet.</p> <p>b. On 12/18/12 at 10:01 AM, dietary staff member #5 was on the bakery line wearing a baseball hat with hair coming out around the edges. At 6:28 PM, dietary staff member #11 was standing at the food prep line for the dining room with long braids hanging down her back and around her arms.</p> <p>c. On 12/19/12 at 7:53 AM, dietary staff member #3 was preparing food on the dining room prep area wearing a beard cover under the right side of his chin and not covering the beard and he was wearing a hat but did not have a hair net under the hat and his hair was coming out around the edges of the hat. At 8:32 AM, dietary staff member #2 was not wearing a facial hair cover while preparing food in the cool prep area. At 11:43 AM, dietary staff member #7 was wearing a hat and braids were noted coming out of the hat around the edges while preparing trays in the medical prep area.</p> <p>During an interview in the kitchen on 12/19/12 at 8:40 AM, dietary staff member #1 was asked what hair coverings were expected to be worn in the kitchen. Dietary staff member #1 stated, "...Hair nets should be worn if the hair is long... The server's wear the hats... They [hair coverings] are required in all areas of the kitchen... [hair covering] should be on as soon as you walk through the door..."</p> <p>2. Observations and interviews in the kitchen revealed dirty equipment and storage areas as followed:</p> <p>a. On 12/17/12 at 10:04 AM, rolling storage bins of flour and sugar under a food prep table at back of the medical serving area had greasy, dirty residue on the bin covers. The sugar bin had white residue and small brown particles on top. Sugar and flour sacks were stored in the bins on top of loose sugar and flour. There were clumps of white material and a piece of cardboard in the back of the sugar bin. There were pieces of torn sacks in the flour bin. The flour bin had small dark brown spots, white residue, and greasy residue on top.</p> <p>b. On 12/18/12 at 8:50 AM, the dish cleaning area had three carts of dishes sitting at the end of the dishwashing equipment. Dietary staff member #6 was asked if those dishes were clean. Dietary staff member #6 stated, "Yes, those are clean dishes... They are used out in the dining room..." There was brown, dirty water noted in the bowls and plates on the top of the stacks of one of the carts of clean dishes. Dietary staff member #6 was asked what was on those dishes. Dietary staff member #6 stated, "It looks like water from where they sprayed the floor off got on there..."</p> <p>At 8:52 AM, rolling storage bins of flour and sugar under a food prep table at back of the medical serving area were noted to have greasy, dirty residue on the bin covers. The sugar bin had white residue and small brown particles on top. The flour bin had small dark brown spots, white residue, and greasy residue on top. Sugar and flour sacks were stored in the bins on top of loose sugar and flour.</p> <p>At 9:00 AM, the roaster / fryer in the area behind pastry prep area was caked with greasy brown residue around the inside at the top. The handle and the top of the roaster / fryer was dirty with crusted yellow-white residue. The DM was asked when the roaster / fryer is cleaned. The DM stated, "...We clean</p> | | | | |
| FORM CMS-2567(02-99) Previous Versions Obsolete | Event ID: Y11011 | Facility ID: 445189 | If continuation sheet Page 3 of 7 | |

[Back To Top](#)

| | | | |
|--|---|--|---|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES | | PRINTED: 2/21/2013 FORM APPROVED OMB NO. 0938-0391 | |
| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION/ A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | STREET ADDRESS, CITY, STATE, ZIP 3535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | |
| (X4) ID PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | |
| F 0371 | <p>(continued... from page 3)</p> <p>It at least every week... It was probably cleaned Sunday..."</p> <p>At 10:02 AM, a blue baseball hat was laying on top of a stack of various kitchen equipment and boxes stacked at the end of the bakery prep line.</p> <p>At 10:04 AM, rolling storage bins of flour and sugar under a food prep table at back of the medical prep area had greasy, dirty residue on the tops. The sugar bin had white residue and small brown particles on top. Sugar and flour sacks were stored in the bins on top of loose sugar and flour. There were clumps of white material in the back of the sugar bin. There were pieces of torn sacks noted in the flour bin. Flour bin noted to have small dark brown spots, white residue, and greasy residue on top. There were pieces of torn sacks noted in the flour bin.</p> <p>At 10:15 AM, dirty plates were stacked on top of the clean plate tray at the end of the medical prep table.</p> <p>c. Observations and interviews in the kitchen on 12/19/12 revealed the following:</p> <p>At 8:15 AM, 6 large baking pans were stored on a bottom shelf next to a garbage can. Above the pans was a large pan with leftover corn and a dirty ladle. Above this pan was multiple cookie sheets and muffin pans.</p> <p>During an interview in the 3 compartment sink room on 12/19/12 at 8:15 AM, the DM was asked if the pans were clean or dirty. The DM stated, "What's on the bottom should be dirty. Only dirty goes on the bottom 2 shelves." The DM picked up one of the pans and stated, "These are clean, shouldn't be down here."</p> <p>At 8:25 AM, the slicer in the cool prep area had a white residue on the bottom and brown food particles on the base. The DM stated, "...It [white residue] may be sanitation residue... It's just a brown piece of debris [brown food particle]." The DM took the cover off of the blade and there was debris and brown residue noted around the inside edges of the blade. The DM stated, "Looks like they didn't clean it properly..."</p> <p>At 8:31 AM, a toaster in the medical serving area had melted tape on the corner and collected crumbs in two crumb traps.</p> <p>During an interview in the medical serving area on 12/19/12 at 8:31 AM, the DM stated, "Looks like they have used it sometime... Several crumbs in there... I didn't even know we had a toaster..."</p> <p>At 3:30 PM, 3 dry food storage bins had opened bags inside on top of the loose product in the bottom of all the bins. All 3 lids were dirty with a large amount of dried, crusty particles around the edges and a greasy film on top. One lid had a dime-sized, dried, brown spot on top.</p> <p>During an interview in the kitchen on 12/19/12 at 3:35 PM, DM was asked if the dry storage bins were clean, DM stated, "My practice has been to wipe down the bins... To take it out of the bag and put it the bin, and use it from there. But, this is the practice here, to use it out of the bags."</p> <p>3. Review of the facility's "...FOOD SERVICE POLICIES AND PROCEDURES..." policy documented, "...Refrigerated Storage foods must be maintained at or below 41 degrees F..."</p> <p>Review of cooler #4's temperatures (no AM or PM designated) were documented as followed: 8. 12/3/12 at 6:00 - 42 degrees.</p> | | |
| FORM CMS-2567(02-99) Previous Versions Obsolete | Event ID: YL1011 | Facility ID: 445189 | If continuation sheet Page 4 of 7 |

[Back To Top](#)

| DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES | | PRINTED: 2/21/2013 FORM APPROVED OMB NO. 0938-0391 | |
|--|---|--|---|
| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | STREET ADDRESS, CITY, STATE, ZIP 1535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | |
| (X4) IO PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | |
| F 0371 | <p>(continued... from page 4)</p> <p>b. 12/4/12 at 6:00 - 42 degrees. c. 12/8/12 at 6:00 - 43 degrees. d. 12/9/12 at 5:30 - 42 degrees. e. 12/11/12 at 6:00 - 44 degrees. f. 12/12/12 at 5:30 - 42 degrees. g. 12/13/12 at 6:00 - 44 degrees. h. 12/14/12 at 5:30 - 42 degrees. i. 12/18/12 at 6:43 - 42 degrees. j. 12/19/12 at 6:50 - 43 degrees.</p> <p>Observations in the kitchen revealed cooler #4's temperatures as followed: a. On 12/17/12 at 9:50 AM - 54 degrees F. b. On 12/18/12 at 8:47 AM - 54 degrees F. c. On 12/19/12 at 7:42 AM - 42 degrees F.</p> <p>4. Review of the facility's "...FOOD SERVICE POLICIES AND PROCEDURES..." policy documented, "...Labeling, dating and monitor refrigerated food, including, but not limited to leftovers, so it is used by its use-by date, or frozen (where applicable) or discarded..."</p> <p>Observations in then kitchen on 12/19/12 at 2:25 PM, revealed a package of chicken breasts wrapped in plastic stored in a cardboard box in cooler #1 with no opened date.</p> <p>During an interview in cooler #1 at 2:25 PM, the Dietary Director (DD) was asked when was the date the chicken was used and re-packaged, The DD stated, "There is no date... No date. I'll take care of that."</p> <p>5. Review of the facility's "...FOOD SERVICE POLICIES AND PROCEDURES..." policy documented, "...Hot foods should be at 140 [symbol for degree] Fahrenheit at a minimum and cold foods at 40 [degree symbol] Fahrenheit maximum..."</p> <p>Observations at the medical area steam table on 12/19/12 at 11:50 AM, revealed the pureed fish was 122 degrees F.</p> <p>During an interview at the medical area steam table on 12/19/12 at 11:50 AM, Dietary staff member #10 stated, "...That [pureed fish] should be about 150 degrees..."</p> | | |
| F 0312 | <p>Assist those residents who need total help with eating/drinking, grooming and personal and oral hygiene.</p> <p>**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**</p> <p>Based on medical record review, observation, and interview, it was determined the facility failed to carry out the necessary care and services needed to maintain grooming for 1 of 2 (Resident #93) sampled residents requiring assistance with Activities of Daily Living (ADLs) of the 34 residents included in the stage 2 review.</p> | | |
| FORM CMS-2567(02-99) Previous Versions Obsolete | | Event ID: YL1011 | Facility ID: 445189 |
| | | If continuation sheet Page 5 of 7 | |

[Back To Top](#)

| DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES | | PRINTED: 2/21/2013 FORM APPROVED OMB NO. 0938-0391 | |
|--|---|--|---|
| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | STREET ADDRESS, CITY, STATE, ZIP 3535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | |
| (X4) ID PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | |
| F 0312 | <p>(continued... from page 5) The findings included:</p> <p>Medical record review for Resident #93 documented an admission date of [DATE] with [DIAGNOSES REDACTED]. [rehabilitation] POTENTIAL GOAL... Dressing / grooming amount of assist: total... Review of a "Social History" dated 12/14/12 documented, "...Care of hair... NEEDS HELP..."</p> <p>Observations in Resident #93's room on 12/17/12 at 2:50 PM, revealed Resident #93's hair was uncombed.</p> <p>Observations in Resident #93's room on 12/18/12 at 5:50 PM, revealed Resident #93's hair was uncombed and matted,</p> <p>Observations in Resident #93's room on 12/19/12 at 8:41 AM and 9:30 AM, revealed Resident #93's hair was uncombed.</p> <p>During an interview on C wing on 12/19/12 at 9:25 AM, Nurse #1 was asked about hair care for Resident #93. Nurse #1 stated, "...hair care is done daily or as needed."</p> <p>During an interview at the nurses station on 12/19/12 at 12:30 PM, Nurse #1 verified that Resident #93's hair needed to be combed.</p> | | |
| F 0278 | <p>Make sure each resident receives an accurate assessment by a qualified health professional.</p> <p>**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**</p> <p>Based on medical record review and interview, it was determined the facility failed to ensure the Minimum Data Set (MDS) was accurately coded for behaviors for 1 of 22 (Resident #46) sampled residents reviewed of the 34 residents included in the stage 2 review.</p> <p>The findings included:</p> <p>Medical record review for Resident #46 documented an admission date of [DATE] with [DIAGNOSES REDACTED]... Behavior of this type occurred 1 to 3 days..."</p> <p>Review of the Social Service notes dated 6/28/12 documented Resident #46, "...exhibited some confusion at times, no signs of behavioral problems..." The Social Service notes dated 7/1/12 documented, "...no behaviors at this time, some confusion noted."</p> <p>Review of the Nurses Notes dated 8/3/12 documented, "...Resident alert; yelling out at intervals..." The Nurses Notes dated 9/1/12 documented, "...normal behavior of yelling while peri-care is given..." There was no physical behavior symptoms of hitting, kicking, pushing, scratching, grabbing, abusing others sexually documented in the medical record.</p> <p>During an interview at the C wing nurses' station on 12/18/12 at 6:08 PM, Nurse #4 was asked what behaviors did Resident #46 exhibit that caused the MDS to be coded for physical abusive behaviors by the resident. Nurse #4 reviewed the MDS and stated "...I guess I hit the wrong one [computer key]. It [MDS] should have been coded for yelling out. That [MDS] plainly says physical and it wasn't that. I marked it</p> | | |

FORM CMS-2567(02-99) Previous Versions Obsolete Event ID: YL1011 Facility ID: 445189 If continuation sheet Page 6 of 7

Back To Top

| | | | |
|--|---|--|---|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES | | PRINTED: 2/21/2013 FORM APPROVED OMB NO. 0938-0391 | |
| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445189 | (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____ | (X3) DATE SURVEY COMPLETED 12/19/2012 |
| NAME OF PROVIDER OF SUPPLIER KIRBY PINES MANOR | | STREET ADDRESS, CITY, STATE, ZIP 3535 KIRBY ROAD MEMPHIS, TN 38115 | |
| For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency. | | | |
| (X4) ID PREFIX TAG : SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | | | |
| F0278 (continued... from page 6) wrong," | | | |
| F0252 Provide a safe, clean, comfortable and homelike environment. | | | |
| <p>Based on observation and interview, it was determined the facility failed to provide a homelike environment by leaving meals on trays after being served to the residents on 1 of 3 (C wing) wings.</p> <p>The findings included:</p> <p>Observations in the C wing dining room revealed the following:</p> <p>a. On 12/17/12 at 12:19 PM, the lunch meal was left on the trays after being served to the residents.</p> <p>b. On 12/18/12 at 8:00 AM, the breakfast meal was left on the tray after being served to the residents.</p> <p>c. On 12/18/12 at 6:00 PM, the supper meal was left on the tray after being served to the residents.</p> <p>The facility had not asked the residents if they preferred their meals to be left on the tray after being served.</p> <p>During an interview in the Administrator's office on 12/19/12 at 8:10 PM, the Administrator was asked about fine dining for the residents. The Administrator stated, "It's a choice for residents..."</p> | | | |
| FORM CMS-2567(02-99) Previous Versions Obsolete | | Event ID: N11011 | Facility ID: 445189 |
| | | If continuation sheet Page 7 of 7 | |

March 27, 2013

9:41am

2013 MAR 27 AM 9 42
The Commercial Appeal
Affidavit of Publication

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, Patrick Maddox, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached notice was published in the following edition of The Commercial Appeal to-wit:

March 10, 2013

Helen Curl

Subscribed and sworn to before me this 15th day of March, 2013

Patrick Maddox

Notary Public

My commission expires

2/15/14

**NOTIFICATION OF INTENT
TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601, et seq. and the Rules of the Health Services and Development Agency, that The Farms at Bailey Station SNF, owned by Luke, Inc., a Tennessee nonprofit corporation, to be managed by Retirement Companies of America, LLC, intends to file an application for a Certificate of Need for the establishment of a skilled nursing facility consisting of 30 skilled nursing beds to be certified for Medicare participation, to be part of a continuing care retirement community which will include skilled nursing beds, assisted living beds and units and independent living units for seniors to be located on an unaddressed site on Crooked Creek Road just off Houston Levee Road, near the intersection of Houston Levee and Poplar in Collierville, Shelby County, Tennessee. The skilled nursing beds will be licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities. Services to be initiated include a full range of skilled nursing services, including intermediate level and skilled level nursing, as well as rehabilitation and therapy services. The estimated project cost is \$7,800,000.00.

The anticipated date of filing the application is March 15, 2013.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Stites & Harrison, PLLC, 401 Commerce Street, Suite 800, Nashville, Tennessee, 37219, 615-782-2228.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency
 Frost Building, 3rd Floor
 161 Rosa L. Parks Boulevard
 Nashville, TN 37243

Pursuant to T.C.A. § 68-11-1607(c) (1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



My Commission Expires 02/15/2016

March 27, 2013

9:41am

AFFIDAVIT

2013 MAR 27 AM 9 42

STATE OF TENNESSEE

COUNTY OF Shelby

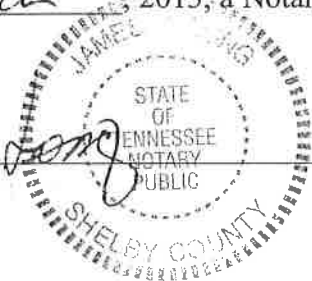
NAME OF FACILITY: The Farms at Bailey Station

I, RUDOLF HERZKE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Rudolf Herzke
Name

Sworn to and subscribed before me this the 25th day of March, 2013, a Notary Public in and for Shelby County Tennessee.

James W. Long
Notary Public



My Commission Expires: MY COMMISSION EXPIRES 6-4-2013



2013 MAR 8 AM 10 43
LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before March 10, 2013 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601, *et seq.* and the Rules of the Health Services and Development Agency, that The Farms at Bailey Station SNF owned by Luke, Inc., a Tennessee nonprofit corporation, to be managed by Retirement Companies of America, LLC, intends to file an application for a Certificate of Need for the establishment of a skilled nursing facility consisting of 30 skilled nursing beds to be certified for Medicare participation, to be part of a continuing care retirement community which will include skilled nursing beds, assisted living beds and units and independent living units for seniors to be located on an unaddressed site on Crooked Creek Road just off Houston Levee Road, near the intersection of Houston Levee and Poplar in Collierville, Shelby County, Tennessee. The skilled nursing beds will be licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities. Services to be initiated include a full range of skilled nursing services, including intermediate level and skilled level nursing, as well as rehabilitation and therapy services. The estimated project cost is \$7,900,000.00.

The anticipated date of filing the application is March 15, 2013.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Stites & Harbison, PLLC, 401 Commerce Street, Suite 800, Nashville, Tennessee, 37219, 615-782-2228, e-mail: jerry.taylor@stites.com.



Signature

3-8-13

Date

=====

The published Letter of Intent contains the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
615-741-1954**

DATE: June 3, 2013

APPLICANT: The Farms at Bailey Station Skilled Nursing Facility
Unaddressed site on Crooked Creek Road, off Houston Levee
Road, near the intersection of Houston Road and Poplar
Collierville, Tennessee 38017

CONTACT PERSON: Jerry W. Taylor
Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, Tennessee 37219

COST: **\$7,301,961**

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2011 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, The Farms at Bailey Station Skilled Nursing Facility, located at an unaddressed site on Crooked Road, off Houston Levee Road, near the intersection of Houston Road and Poplar in Collierville (Shelby County) Tennessee, seeks Certificate of Need (CON) approval for the establishment of a skilled nursing facility consisting of 30 skilled beds. The 30 skilled beds will be certified for Medicare participation, to be a part of a continuing care retirement community which will include skilled nursing beds, assisted living beds, and independent living units for seniors.

The project involves 31,019 square feet of space with a total cost of \$4,739,608. The cost per square foot is \$152.80. The cost per square foot is below the median for nursing home construction for HSDA approved projects during 2009-2011.

The Farms at Bailey Station is a major residential and health care development for the City of Collierville and Southeast Shelby County. The project will ultimately include 266 independent living units constructed as a free-standing, one, two, and three bedroom townhomes, and 63 independent living garden homes. It will also include 63 independent living units, 23 of which will be a designated Memory Care Unit. The proposed 30 bed SNF will round out the continuum of care. Bailey Station will be situated on 23.6 acres, and the 30 bed SNF unit will occupy approximately 9.3 acres.

Bailey Station will be developed in two phases. Phase I will include the 30 Bed SNF, 164 independent living homes, and 63 assisted living units. Phase II of this project will add an additional 102 independent living units and a proposed additional 30 beds to the SNF. The 30 additional SNF beds will be the subject of a separate future CON application.

The Farms at Bailey Station is owned by Luke, Inc., a non-for-profit corporation in southeast Shelby County. The facility will be managed by Retirement Companies of America, LLC.

The total estimated project cost is \$7,301,961 and will be and will be funded by a construction loan of \$7,300,000 at %% interest 5.0% interest from BankTennessee as indicated in a letter from the Chief Executive Officer and President in Attachment C, III, Orderly Development, 1.

| | | | |
|---|--------------|------------------|---------------|
| Millington Healthcare Center | 85 | 28,410 | 91.6% |
| Poplar Point Health and Rehab | 169 | 47,604 | 77.2% |
| Parkway Health and Rehab Center | 120 | 42,549 | 97.1% |
| Quality Care Center of Memphis | 48 | 12,244 | 69.9% |
| Quince Nursing and Rehab Center | 188 | 66,343 | 96.7% |
| Rainbow Health and Rehab Center | 115 | 39,763 | 94.8% |
| Signature Healthcare at Saint Francis | 197 | 54,445 | 82.57% |
| Signature Healthcare at Saint Peter Villa | 180 | 54,445 | 82.87% |
| Signature Healthcare of Memphis | 140 | 48,440 | 94.7% |
| Spring Gate Rehab and Healthcare Center | 233 | 78,591 | 93.2% |
| The Highlands of Memphis Health and Rehab | 180 | 55,265 | 84.1% |
| The King's Daughters and Sons Home | 108 | 37,908 | 96.2% |
| The Village at Germantown | 30 | 9,371 | 85.9% |
| Whitehaven Community Living Center | 92 | 30,268 | 90.1% |
| Total | 4,167 | 1,286,166 | 84.76% |

Source: *Joint Annual Report of Nursing Homes 2011*, Tennessee Department of Health, Division of Policy, Planning and Assessment

As a continuing care retirement community, The Farms Bailey Station (FBSSNF) allows seniors the opportunity to reside in one community for the rest of their lives. This project to add SNF beds will fill the last component for the community. Residents of FBSSNF will buy into the community with an entrance fee that is determined by the size and type of unit purchased. Title to the living units will remain vested in Bailey Station, but the resident will have a life estate (the home is for the residence's exclusive use during their lifetime). The members will pay a monthly fee which will be determined by several factors, including the size and time of unit occupied upon entry. As a member of the community, each resident will be entitled to a bed in FBSSNF if and when their medical needs require a skilled nursing bed. Upon the resident's death regardless of whether not they were a resident in the FBSSNF, the resident or the resident's heir(s) is entitled to a monetary payment in an amount calculated in accordance with the resident's contractual agreement.

The other levels of living The Farms at Bailey Station will be the primary feeder for the SNF after the first several years. The SNF beds will not be strictly limited to residents who are coming from an assisted living unit or from independent living unit in Bailey Station; however, eventually approximately 80% to 85% of patients are projected to be members of Bailey Station. The applicant is not known at what rate the SNF will fill up, but the best estimate is that the 80% to 85% level will be reached in 8 to 10 years.

Shelby County is under-bedded for nursing home beds. The Division of Policy, Planning, and Assessment calculated a need for 5,162 nursing home beds. Currently there are 4,167 licensed beds in 32 facilities in Shelby County with an overall occupancy of 84.76%. There are 30 additional beds approved but not in operation, resulting in a need for 965 nursing home beds.

TENNCARE/MEDICARE ACCESS:

The applicant will participate in Medicare but not Medicaid because the continuing care retirement community (CCRC) model is not intended to serve the medically indigent.

The applicant estimates the Medicare revenue in year one to be \$3,021,725.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics have reviewed the Project Costs Chart, the Historical Data Chart (when applicable) and the Projected Data Chart and has determined they are mathematically accurate and the projections based upon the applicant's anticipated level of utilization are mathematically accurate. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Cost Chart is located on page 23 of the application. The total estimated project cost is \$7,301,961.

Historical Data Chart: This project is for a new facility and has no Historical Data Chart.

Projected Data Chart: The Projected Data Chart is located on page 26 of the application. The applicant projects 7,665 patient days in year one with a net operation income/(loss) of (\$535,577). In year two, the applicant projects a net operating income of \$55,394. The applicant projects 7,665 patient days in year one and 10,220 in year two of the project.

The applicant's projected an average year one gross charges are \$616.18 per day, with an average deduction of \$184.55 resulting in an average net charge of \$431.62 per day. The applicant compares these charges with other hospice providers on page 29 in the application.

The CCRC model is unique and fills an important niche in the senior care consortium. It affords seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and a SNF is a crucial component of care. For this reason, there is not a practical alternative to having a SNF on site in the CCRC.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a list of all providers, managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships in Attachment C, III, Orderly Development, 1.

The Farms at Bailey Station will have a positive effect on the healthcare system in that it will fill a need for a care alternative and a continuum of care for seniors.

There are no alternatives to the CCRC model of senior care. It affords seniors the opportunity to reside in one community for the remainder of their lives. This project will add a SNF to the continuum of care and is crucial in providing a crucial link in the total care of seniors.

The projected staffing upon fill-up and stabilization at 93% occupancy: 1.0 FTE registered nurse, 0.40 FTE registered nurse W/E, 4.0 licensed practical nurse, 1.60 FTE licensed practical nurse W/E, 7.0 FTE certified nurse sing assistant, and 2.80 FTE certified nursing assist W/E.

The applicant will be licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus}\end{aligned}$$

The Division of Policy, Planning, and Assessment calculated a need for 5,162 nursing home beds. Currently there are 4,167 licensed beds. There are 30 additional beds approved but not in operation, resulting in a need for 965 nursing home beds.

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

The Division of Policy, Planning, and Assessment calculated a need for 5,162 nursing home bed using the 2013 population projected two year years to 2015 to be 5,162.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

Currently there are 4,167 licensed beds in 32 facilities in Shelby County with an overall occupancy of 84.76%. There are 30 additional beds approved but not in operation, resulting in a need for 965 nursing home beds.

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

The applicant's defines their primary service area as a contiguous 10-county zip code area in southeast Shelby County and their secondary as the remainder of Shelby County. The Nursing Home Services criterion stipulates the bed need for the entire county is analyzed.

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

The above criteria are not applicable. There is a need of 965 beds.

B. Occupancy and Size Standards:

- 1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant projects occupancy of 93% after the first six months of operation.

- 2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

The service area occupancy of 95% for all existing nursing home is less than 95%.

- 3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

This is a proposed new facility.

- 4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

The applicant seeks an exception due to this facility being a part of a continuing care retirement community (CCRC).

June 12, 2013

2013 JUN 12 PM 4 00

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station SNF CN 1303-008

Dear Ms. Hill,

It is a pleasure to write this letter in support of The Farms at Bailey Station Skilled Nursing Facility and asking for your approval of their CON. I have been personally acquainted with Retirement Companies of America and the management and personal care they have provided at Kirby Pines for over thirty years.

As a senior citizen myself living within three miles of The Farms at Bailey Station, I am looking forward to becoming a part of their community. My wife and I want to make the decision ourselves and not have our children burdened with making it for us. This community will allow us to enjoy our years of life and provide for future medical needs as they occur. In addition to providing a wonderful place to live, they will be providing an economic plus for the Collierville and Southeast Shelby county area. We need the type of safe, comfortable and full medical services that this community will offer.

Thank you for your time and service in approving their request.

Respectfully,

A handwritten signature in dark ink, appearing to read 'D.W. McGaughey', with a horizontal line drawn underneath the signature.

D.W. McGaughey



UT Medical Group, Inc.

Family Medicine - St. Francis
1301 Primacy Parkway
Memphis, Tennessee 38117-0213
901-848-8812 • Fax: 901-302-2812

2013 JUN 12 11:59

June 12, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station SNF
CN1303-008

Dear Ms. Hill,

I want to express my support for the proposed skilled nursing facility that would be a part of The Farms at Bailey Station, a continuing care retirement community in Collierville.

I believe that a senior having the option of remaining in his or her familiar community of friends and loved ones, if and when the time comes for skilled nursing care, reduces the stress of that event and generally contributes to improved health and happiness. In addition, The Farms at Bailey Station will include a medical office building adjacent to the skilled nursing facility. One of my physicians serves as the Medical Director at the Kirby Pines facility. It is our intent to do the same at The Farms at Bailey Station. This will allow us to provide primary care to our patients who reside in the community in a convenient local setting, and facilitate our making rounds at the skilled nursing facility as needed. We also have the support of our multispecialty group that can provide for their medical and surgical needs.

Thank you for your thoughtful consideration of this proposal. It is my hope you will find it appropriate to approve the CON.

Sincerely,

A handwritten signature in black ink that reads 'David L. Maness'.

David L. Maness, D.O., MSS, FAAFP
Professor and Chair
Department of Family Medicine
College of Medicine
University of Tennessee Health Science Center
Memphis, Tennessee



Collierville Chamber of Commerce

"We Mean Business"

485 Halle Park Drive • Collierville, Tennessee 38017-2671
(901) 853-1949 • FAX: (901) 853-2399 • Toll Free: (888) 853-1949
www.colliervillechamber.com

June 12, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Via email: Melanie.Hill@tn.gov

Re: The Farms at Bailey Station
CNI308-008

Dear Ms. Hill:

I am writing this letter in support of the certificate of need application of The Farms at Bailey Station in Collierville. They have been a great corporate citizen, an active Collierville Chamber Member and have been very supportive in our community. The reputation of the applicant and the management company, Retirement Companies of America, for providing high quality nursing care as demonstrated by Kirby Pines for 30 years, is impeccable.

The Farms at Baily Station will be a major housing development, economic stimulus and employer in Collierville and eastern Shelby County. The Skilled Nursing Facility is an essential component of the CCRC.

I appreciate the opportunity to write in support of this project and urge the Agency's favorable consideration of this certificate of need application.

Sincerely,

Fran Persechini
President/CEO



BankTennessee

Welcome Home!

2013 JUN 14 11:08:07

June 12, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243 (e-mail: Melanie.Hill@tn.gov)

Re: The Farms at Bailey Station CN 1308-008

Dear Ms. Hill:

The following is written in support of the certificate of need application of The Farms at Bailey Station in Collierville, Tennessee.

I have witnessed the dynamic growth of Collierville since my first term on the Shelby County Commission in 1978. During my four (4) term or sixteen (16) years on the Shelby County Commission Collierville grew from a small rural community into a bustling municipality. In 1994 when I took office as Shelby County Mayor, Collierville was rapidly becoming one of the fastest growing communities in Tennessee. During my two (2) terms as Mayor, Collierville grew at an unprecedented pace.

With that growth has come the need for residential and health care options that The Farms at Bailey Station will provide. The independent living units, townhomes, and garden homes will offer our seniors a variety of residential choices. As health issues arise and maturity changes the needs of the residents it will be a seamless transition to assisted living, skilled nursing or memory care when and if that need occurs.

As a Commissioner I heard the promises made to the community when Kirby Pines was being discussed 30 years ago. Without question the promises were kept. Many seniors have received comfort and care that did not exist at the level provided by Kirby Pines and their management company, Retirement Companies of America, prior to their opening in the 1980's.

I encourage the Agency to look upon this outstanding proposed project and its excellent track record by a favorable consideration of this certificate of need application.

Respectfully submitted;


Jim Rout
President/ CEO



Shelby County Government

2013 JUN 12 AM 11 43

MARK H. LUTTRELL, JR.
MAYOR

June 11, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station CN130³~~8~~-008

Dear Ms. Hill:

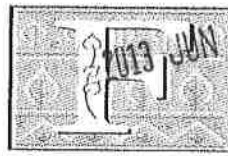
Please allow this letter to serve as an expression of my support for the Certificate of Need Application for The Farms at Bailey Station. The Farms at Bailey Station is a major residential and health care development for the City of Collierville and Southeast Shelby County. Given the consistently strong growth that Collierville has experienced, there is an increasing need for residential and health care options for seniors.

This Continuing Care Retirement Community (CCRC) is a cost-efficient option for providing residential and health care services to the growing senior population. It will ultimately include 266 independent living units, 63 independent living garden homes, and 63 assisted living units, 23 of which will be in a designated Memory Care unit. The proposed 30 bed Skilled Nursing Facility will round out the continuum of care. This Skilled Nursing Facility is a necessary component to providing adequate and effective services to this area of Shelby County.

On behalf of the citizens of Shelby County, I encourage the Tennessee Health Services and Development Agency to review, support and approve the Certificate of Need Application for The Farms at Bailey Station. Please feel free to contact my office at 901-222-2000, should you have any questions.

Sincerely

Mark H. Luttrell, Jr.
Mayor



Marvin & Virginia Ford
1666 Goldsmith Court
Collierville, TN. 38017

June 11, 2013

Executive Director

Tennessee Health Services and Development Agency

Frost Building, 3rd Floor

161 Rosa L. Parks Boulevard

Nashville, TN. 37243

Re: The Farms At Bailey Station SNF

CN 1303-008

Dear Ms. Hill,

We are writing this letter in support of the certificate of need application on behalf of The Farms at Bailey Station Skilled Nursing Facility. We are now in our early 80's and have begun to make plans for our move to a facility that can take care of us in our final days.

As a future resident of "The Farms" we can't tell you how important the development of health care facilities and services are needed for Collierville and the surrounding area. The senior population is rapidly growing in and around Collierville and the idea of having a community where we, as seniors, can "age in place" is what peaked our interest in The Farms At Bailey Station.

We urge the Agency's favorable consideration in approving this certificate of need application in a timely manner, because we need this facility to be finished as quickly as possible.

Thanking you in advance, we remain

Very truly yours,

Marvin Ford & Virginia Ford

Marvin & Virginia Ford

1666 Goldsmith Court

Collierville, TN. 38017

Stan Joyner
Mayor

Maureen Fraser, *Alderman*
Jimmy Lott, *Alderman*
John Worley, *Alderman*
Tom Allen, *Alderman*
Billy Patton, *Alderman*

James H. Lewellen
Town Administrator

Lynn Carmack
Town Clerk



Town of Collierville

June 10, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station
CN1308-008

Dear Ms. Hill:

This letter is written in support of the certificate of need application on behalf of The Farms at Bailey Station. The Farms at Bailey Station will provide needed quality assisted living care to serve our community's rapidly growing and diverse senior population.

Now more than ever it is important to encourage the development of health care services and facilities which are cost effective and provide a continuum of residential and assisted care. The fact that The Farms at Bailey Station will be owned and operated by not-for-profit organizations with a long and successful track record with senior care services and facilities makes this project even more worthy of approval.

I urge the Agency's favorable consideration of this certificate of need application, and appreciate your consideration of this request.

Sincerely,

Maureen Fraser
Vice Mayor/Alderman, Town of Collierville



Brian Kelsey
State Senator
Judiciary Committee Chairman
District 31: Cordova,
East Memphis, and Germantown

Senate Chamber
State of Tennessee

2013 JUN 10 PM 4:08
Legislative Plaza
Nashville, TN 37243-0231
1-800-449-8366 ext. 13036
(615) 741-3036
fax (615) 253-0266
sen.brian.kelsey@capitol.tn.gov

June 6, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station
CN1308-008

Dear Ms. Hill:

This letter is written in support of the certificate of need application on behalf of The Farms at Bailey Station. The Farms at Bailey Station will be located in the senatorial district immediately adjacent to my district, and will serve many of my constituents and/or their loved ones.

Now more than ever it is important to encourage the development of health care services and facilities which are cost effective and provide a continuum of residential and assisted care. This continuing care retirement community will do just that, and is needed to serve the rapidly growing senior population. The fact that The Farms at Bailey Station will be owned and operated by not-for-profit organizations with a long and successful track record with senior care services and facilities makes this project even more worthy of approval.

I urge the Agency's favorable consideration of this certificate of need application, and appreciate your consideration of this request.

Sincerely,

Hon. Brian Kelsey
Senator, 31st District



SENATOR MARK NORRIS

2013 JUN 10 PM 4:08

SENATE MAJORITY LEADER

STATE OF TENNESSEE

9A LEGISLATIVE PLAZA
NASHVILLE, TENNESSEE 37243
800-449-8366 ext. 11967
615-741-1967

June 6, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

CHAIRMAN

RULES

MEMBER

FINANCE, WAYS AND MEANS
STATE & LOCAL GOVERNMENT

Re: *The Farms at Bailey Station*
CN1308-008

Dear Ms. Hill:

I am writing this letter in support of the certificate of need application of The Farms at Bailey Station in Collierville which is in my Senate District.

Collierville and the surrounding areas are experiencing strong population growth, increasing the need for both residential and health care options. It is important for us to encourage and facilitate innovative, cost efficient health care services and facilities. The proposed continuing care retirement community, of which the skilled nursing facility is a necessary component, will allow seniors to age in place and receive assisted care and skilled care as needed, in a community of friends and care givers.

I appreciate the opportunity to provide input on this important project and urge the Agency's favorable consideration of this certificate of need application.

Sincerely,

Mark Norris
Senator

MN:la

Stan Joyner
Mayor

Maureen Fraser, *Alderman*
Jimmy Lott, *Alderman*
John Worley, *Alderman*
Tom Allen, *Alderman*
Billy Patton, *Alderman*

James H. Lewellen
Town Administrator

Lynn Carmack
Town Clerk



Town of Collierville

June 10, 2013

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: The Farms at Bailey Station
CN1308-008

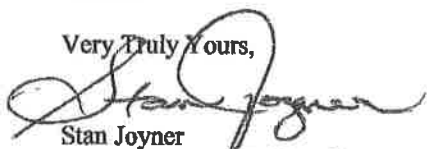
Dear Ms. Hill:

This letter is written in support of the certificate of need application on behalf of The Farms at Bailey Station. The Farms at Bailey Station will provide needed quality assisted living care to serve our community's rapidly growing and diverse senior population.

Now more than ever it is important to encourage the development of health care services and facilities which are cost effective and provide a continuum of residential and assisted care. The fact that The Farms at Bailey Station will be owned and operated by not-for-profit organizations with a long and successful track record with senior care services and facilities makes this project even more worthy of approval.

I urge the Agency's favorable consideration of this certificate of need application, and appreciate your consideration of this request.

Very Truly Yours,



Stan Joyner
Mayor, Town of Collierville